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Part I: Co-operation and Association

AUSTRIA.

ANNUAL REPORT OF THE FEDERATION OF RURAL CONSORTIUMS OF STYRIA FOR 1913.

The Federation of the Rural Consortiums of Styria has published its annual Report for 1913. This important publication forms the 13th. volume of the series to which it belongs. We give below the details it contains of the greatest importance for us:

The number of associated consortiums at the end of 1913 was as follows:

| | |
|---|-----|
| Rural Banks of F. W. Raiffeisen System | 289 |
| Other Kinds of Co-operative Credit Societies | 2 |
| Other Agricultural Co-operative Societies (Distributive, Production and Sale Consortiums) | 81 |
| Agricultural Associations | 7 |
| Central Corporations | 5 |
| Total Number of Associated Corporations | 384 |

The number of associated consortiums showed an increase of 4 on that of 1912 (at the beginning of 1913 the associated consortiums were 380).

As regards the number of members belonging to the individual consortiums, associations and corporations, associated in the Federation, we give the following figures:

¹⁾ Jahres-Bericht des Verbandes der landwirtschaftlichen Genossenschaften in Steiermark, registrierte, Genossenschaft mit beschränkter Haftung, über das XIII. Geschäftsjahr 1913 und Jahrbuch für das landwirtschaftliche Genossenschaftswesen in Steiermark, published by the Federation of Rural Consortiums in Styria, Registered Limited Liability Co-operation, on its Twelfth Working Year, 1913, and Yearbook for Rural Co-operation in Styria, 1914, 2vo. Published by the Federation of Rural Consortiums of Styria. Pp. 70.

The Report considers the *cash* and *goods* accounts separately. The accounts of the cash department correspond with those of the Central Bank. We summarise the situation below :

| | | |
|------------------------------|------|----------|
| The New Deposits amounted to | Crs. | 4,026.57 |
| The Withdrawals | " | 4,000.00 |

| | |
|--|-----------------|
| The Credits granted amounted to | Crs. 2,152,295 |
| Credits had been extinguished to the amount of .. | 2,678,289 |
| The Total Business done by the Bank with its federated consortiums in 1913 amounted to | Crs. 12,806,053 |

| | |
|--|-------------|
| On January 1st. the deposits amounted to . . . | 8,329,555 |
| „ December 31st. „ „ „ „ | 8,338,100 |
| | <hr/> |
| Increase . . . | Crs. 17,544 |

Credit Business

| | | |
|---|------|--------------|
| On January 1st., 1913, the credits were . . . | Crs. | 5,952,185 — |
| „ December 31st., 1913 „ „ . . . | „ | 5,486,118.17 |

| | | |
|----------------|------|------------|
| Decrease . . . | Crs. | 466,066.83 |
|----------------|------|------------|

| | | |
|--|---|--------------|
| The Liquid Capital on January 1st., 1913 . . . | „ | 1,154,286.66 |
| „ „ December 31st., 1913 was „ | „ | 1,581,961.28 |

| | | |
|----------------|------|------------|
| Increase . . . | Crs. | 427,674.59 |
|----------------|------|------------|

The rate of interest on deposits in the first half year of 1913 was $4\frac{1}{2}\%$, in the second half year $4\frac{3}{4}\%$; on credits of the rural banks, in the first half year 5% , in the second $5\frac{1}{2}\%$.

The reserve fund of the cash department amounted on December 31st., 1913 to 65,201.57.

The accounts for this department closed in 1913 with a credit of 34.27 crs., which was entirely swallowed up by the loss occasioned through all in value of Government securities, again occurring in 1913. The Federation in this way lost 16,780 crs.

The Federation did a larger goods business in 1913 than in 1912. This will be seen from the following figures: it purchased for its members' account 655 truckloads of chemical manure as against 217 in 1912; 221 truckloads of grain and forage as compared with 100 in 1912; 61 $\frac{1}{2}$ truckloads of sulphate of copper as against 50 in 1912; 10 of sulphur as against 2 in 1912; and 122 of coal as against 59 in 1912. In 1913 it increased its business of sale of produce for its members, selling many truckloads of oats, hay, straw, grain and potatoes for them. Altogether, the whole business done in 1913 in goods was 1,155 truckloads, or 376 more than in 1912.

The value of the goods received and forwarded in 1913 was 5,900,510.63 crs. against 4,705,413.41 crs. in 1912, thus increasing in 1913 by 1,195,097.22 crs. The general reserve fund on December 31st., 1913 was 68,237.88 crs.; that of the special reserve fund at the same date was 30,472.39 crs.

The accounts for the goods department show a profit of 9,621.66 crs. for 1913.

Summarising the total figures for the whole business of both Departments for 1913, we have:

| | | |
|---------------------------|------|---------------|
| Cash Department | Crs. | 48,785,355.14 |
| Goods | „ | 22,690,404.94 |

| | | |
|-------------|------|---------------|
| Total . . . | Crs. | 71,475,820.08 |
|-------------|------|---------------|

| | | |
|---|---|----------------|
| In 1912 the total business done amounted to „ | „ | 63,928,234.68; |
|---|---|----------------|

| | | |
|--|------|--------------|
| so that in 1913 there was an increase of . | Crs. | 7,547,585.40 |
|--|------|--------------|

The Federation finally exerted a beneficent action in regard to the trade in native fruit, to which in recent years a considerable impetus has been given owing to this organization interesting itself in it. It has founded for the purpose a special office for the sale of fruit called "*Obstverwertungstelle*". Its object is the elimination of middlemen and the realisation of better profits for the producers with whom it puts itself into immediate contact. The office also acts as an intermediary between buyers and sellers without, however, seeking any reward for its services. The office also fixes prices by means of the purchase and sale of edible fruits and musts.

The Federation finally serves the agriculture of the country by means of another institution which tends to make the sale of horned cattle as profitable as possible (the *Viehverwertungstelle*).

This institution exerts its action either directly, or indirectly by means of consortiums founded for the purpose in various places, called "*Viehverwertungsgenossenschaften*" in the same manner and with the same intentions as those mentioned above by us in speaking of the fruit trade and the institution founded for the purpose among the members of the Federation.

UNITED STATES.

MISCELLANEOUS NEWS.

I. — THE SECOND NATIONAL CONFERENCE ON MARKETING AND FARM CREDITS. — The Second National Conference on Marketing and Farm Credits was held for the four days from April 14th to 17th, 1914, at Chicago, were the first conference of the kind (1) was held in 1913. It is to be regretted that no final report of the proceedings of the Second Conference has been published. The advance sheets which are available give only the text of the addresses delivered without any account of the discussions which followed.

The addresses themselves dealt with a large number of subjects of the highest importance and interest. Prof. T. N. Carver described the work of the Federal Rural Organisation Service; Mr. Charles J. Brand, Chief of the Office of Markets, contributed a paper upon the Market Investigations of the Federal Government; and other addresses delivered included: the Relation of the Farmer to the Trust Question, the Economic Limits of Farm Operation, Proposed Rural Credit Legislation, the Activities of the Wisconsin Agricultural and Industrial Aid Society, and Farm Credit in Wisconsin.

The paper contributed by Mr. Samuel Untermyer upon the Relation of the Farmer to the Trust Question called attention to one aspect of the co-operative movement in agriculture of immense importance which has not yet received the attention it deserves, namely, the position of farmers' co-operative associations under the anti-trust laws. Briefly, Mr. Untermyer's contention is that the farmers, who have been particularly active in promoting legislation against trusts and all other forms of combination in commerce and industry, unfairly claim that they themselves shall be exempt from the provisions of the anti-trust laws. Mr. Untermyer does not claim that industry should be released from the anti-trust legislation, or that farmers' co-operative organisations should be declared illegal and compelled to dissolve. He proposes that all agreements made, whether in agriculture, in commerce or in industry, shall be submitted to the examination of a specially created Trade Commission which shall pronounce upon the validity of all such agreements. Every business associa-

1. See the *Bulletin* for July, 1913, at page 26.

tion, whether described as a co-operative society or as a commercial company, whether composed of bankers, of business men or of farmers, and given without reference to the nature of the product manufactured or sold, would be submitted to the impartial examination of the Trade Commission. If approved, its legal position would be unassailable: if disallowed, it would have to reorganise in some form acceptable to the Commission.

Prof. John Graham Brooks of Harvard University contributed a paper of wide general interest upon the Economic Limits of Co-operation in which he laid strong emphasis upon the need for efficient business organisation and management in co-operative enterprises. Mr. G. W. Sim described the work of the Jewish Agricultural and Industrial Society which, in 1911, founded the first agricultural credit union in the United States. By the end of 1913 the Society had founded, and to some extent was directing, seventeen credit unions composed exclusively of farmers in the States of New York, New Jersey and Connecticut.

Among other speakers at the Conference were Dr. John Lee Coolidge who explained the provisions of the Moss-Fletcher bill which was before Congress, and Prof. B. H. Hibbard, who described the situation with regard to agricultural credit facilities in Wisconsin.

* * *

2. — THE EDUCATIONAL AID FUND OF THE MASSACHUSETTS STATE GRANGE. — In 1912, the Massachusetts State Grange established a small fund known as the Educational Aid Fund, to be devoted to making loans of moderate amount to young people to enable them to continue their education in a high school or university. The State Grange in starting the movement, allotted \$1,500 for the purpose in view, on condition that an equal amount was subscribed by the subordinate Granges in the State. The amount required was promptly subscribed, and then the subordinate Granges have provided the whole amount each year.

A nominal rate of interest of 2 per cent. is charged upon the loans; the students helped from the fund, who must be members of the Grange, are given ample time in which to repay their loans, — repayment begun only when they have finished their academic training and are in receipt of a salary. In the first year, loans were made to 14 students; in the second year, to 25, and in the third year, (1914), to 34, making a total of 73 young people helped, the majority of whom, without such help, probably never have obtained anything in the way of a liberal education. A few of the students who undertook only a two year's course have already begun to repay their loans; but, as most of the students assisted are engaged upon four year courses, the fund will not be able to count upon repayment instalments as a source of income for some time to come. During 1914, the subordinate Granges contributed \$1,500 to the Fund and there were, in addition, some contributions from individual members. To carry on the work during the present year, at

000 are needed, and it is proposed by the Board of Trustees of the Fund that the amount be raised among the subordinate Granges, each Grange contributing in proportion to its membership at the rate of eight cents per member.

The kind of education which is being promoted by the Fund is by no means all of the same type. Of the students making use of the Fund, ten are attending Massachusetts Agricultural College; eight are in business colleges; eight are in normal colleges; four are in universities; and five are attending courses in technical high schools. One, even, is attending a school of oratory.

The example set by Massachusetts has been followed by Connecticut, Missouri and California, and as the utility of the movement is already recognised, it is probable that in a few years the Grange, in most of the States, will be giving financial help to the younger members of the order who are anxious to continue their education beyond the limits of ordinary public schools.

*
* *

3. — FARMERS' ELEVATORS IN MINNESOTA. — Under the terms of a recently passed law the Minnesota State University has been charged with the work of collecting and disseminating information relating to co-operative associations of all kinds in the State. The work has been entrusted to the Division of Agricultural Economics of the University College of Agriculture, and though the returns are not complete, the study of farmers' elevators has proceeded far enough to enable the University to publish some interesting figures relating to the number and the varied activities of farmers' elevator companies.

There are, at the present time, 270 farmers' elevators in Minnesota, with an aggregate membership of 34,500, an average of 128 members to each company. The aggregate volume of business of these companies may be estimated, approximately, at \$ 24,000,000 per annum, of which about 2,000,000 represents the value of grain marketed and \$ 2,000,000 the value of supplies purchased for members. Out of 239 companies which furnished information with regard to their transactions other than the marketing of grain, 63 per cent. buy coal, 41 per cent. buy cattle feeds, 40 per cent. buy flour, and 35 per cent. buy binder twine. Among other commodities bought on behalf of the members are cement, drainage-tiles, farm machinery, seeds, salt, oil, lumber and wire fencing. All but 41 of the companies dealt in some commodity other than grain.

In 90 per cent. of the companies in Minnesota the farmers hold practically the whole of the stock. In all the companies, farmers own a majority of the stock. In 94 per cent. of them, members are entitled to one vote only, irrespective of the number of shares they may hold. In five-sixths of them a limit is placed upon the number of shares that any one person may hold. Twenty-six per cent. limit the amount of dividend that may

be paid on capital, and distribute the surplus as patronage dividend in proportion to the value of the business transacted by each member with the company.

From these figures it will be seen that the elevator companies transact a very considerable business each year. Nevertheless it is admitted that their position upon the whole leaves much to be desired. A large number of them, according to the reports received by the University, lost money upon their transactions in 1913. One-fifth of them admit that their method of keeping accounts is unsatisfactory, and the investigators are of the opinion that the proportion is really much higher. The University intends to form classes for the instruction of elevator managers in the principles of correct book-keeping, and will, at the same time, assist companies which are in difficulties to reorganise their methods of doing business.

* * *

4. — ANNUAL REPORT OF THE CALIFORNIA ASSOCIATED RAISIN COMPANY. — The financial report of the Associated Raisin Company, presented to the shareholders at the general meeting held in Fresno on February 10th, 1915, shows the position of the Company at that date, as follows:

| <i>Assets</i> | | <i>Liabilities</i> | |
|---|-----------------|--|----------|
| Raisins on hand | \$ 2,694,757.47 | Bills payable | \$ 1,414 |
| Bills receivable | 266,868.08 | Due to growers for raisins delivered | 72 |
| Accounts receivable | 279,385.16 | General accounts payable | 16 |
| Unpaid subscriptions | 11,369.39 | | |
| Cash on hand | 63,819.14 | | \$ 1,771 |
| Associated warehouse stock | 134,200.00 | | |
| Inventory: Sundries | 12,772.53 | Capital | \$ 1,005 |
| Branch office advance account | 1,234.63 | Growers' reserve fund | 42 |
| | | Tare correction account | 5 |
| | \$ 3,464,406.40 | Insurance fund | 2 |
| | | Undivided profits | 15 |
| | | | \$ 3,410 |

The manager, in presenting the report, stated that the Company during the year, about 67,000 tons of fruit, and had on hand in February 1915, some 35,000 tons still unsold. It built, during 1914, two new houses, fully equipped for stemming and packing raisins, and purchased the site for a third warehouse which it is proposed to build within the year.

of time. In addition, the Company acquired the plant and trade-mark of the Fresno Home Packing Company, and a one-fifth interest in the Pacific Coast Seeded Raisin Company. At the date of the general meeting it was negotiating for the purchase of the entire plant of two other companies. In the opinion of the manager the credit of the company was better than at the beginning of 1914, and the prospect for the future distinctly encouraging.

In previous numbers of the *Bulletin* (1) we have referred to the various attempts that have been made from time to time to unite the growers of raisin grapes in a single co-operative selling agency. These attempts have invariably failed, but there seems to be some reason to believe that the California Associated Raisin Company will achieve more than a temporary success in the solution of the problem.

(1) October, 1913, page 37, and January, 1915, page 21.

FRANCE.

THE WORK OF THE MUTUAL AGRICULTURAL CREDIT BANKS IN 1913.

OFFICIAL SOURCE:

RAPPORT ADRESSE PAR LE MINISTRE DE L'AGRICULTURE au Président de la République Française sur le fonctionnement des Caisses de Crédit Agricole Mutuel et les résultats obtenus (*Report Presented by the Minister of Agriculture to the President of the French Republic on the Work of the Mutual Agricultural Credit Banks and the Results obtained in 1913*).

On February 25th., 1915, the Minister of Agriculture published his report on the work of the Mutual Agricultural Credit Banks and the Results obtained by them for 1913.

As in 1912, so also at the end of 1913 there were eight regional banks that had received advances from the Government.

The amount of these advances, which was, after deduction of repayments, on December 31st., 1912, 81,229,181.97 fr., was increased by 14,780,228.51 fr. in 1913 and, on the other hand, reduced by repayments of the total amount of 2,105,145.34 fr. Consequently, the total amount of the advances at the disposal of the regional banks on December 31st. 1913 was 93,903,365.14 fr.

We show below in detail the amounts granted year by year to the regional banks in accordance with the laws of 1899, 1906 and 1910.

ances Granted to the Regional Banks from the First Beginnings of the Work of the Agricultural Credit Institution up to January 1st., 1914.

| Years | Law of 1899 (Short Term Individual Credit) | Law of 1906 (Long Term Credit to Co-operative Societies) | Law of 1910 (Long Term Individual Credit) |
|----------------|---|--|--|
| 1900 | 612,250 | " | " |
| 1901 | 2,611,210 | " | " |
| 1902 | 3,654,674 | " | " |
| 1903 | 1,859,262 | " | " |
| 1904 | 5,437,969 | " | " |
| 1905 | 5,430,301 | " | " |
| 1906 | 3,717,539 | " | " |
| 1907 | 5,705,690 | " | " |
| 1908 | 7,786,392 | 964,325 | " |
| 1909 | 8,666,840 | 1,158,150 | " |
| 1910 | 6,773,550 | 2,202,265 | 2,329,000 |
| 1911 | 10,483,350 | 2,384,280 | 4,737,000 |
| 1912 | 6,315,750 | 2,587,874 | 5,121,800 |
| 1913 | 4,469,700 | 3,890,940 | 3,421,000 |
| | 73,524,468 | 13,188,134 | 15,621,800 |
| Total . . . | | 102,334,402 | |

The amount of the subscribed capital of the regional banks on December 31st., 1913, was 25,070,087 frs., 23,220,305 frs. being paid up. The amount of the local banks in this paid up capital amounted to 15,325,711 frs. For short terms business the regional banks had available in 1913:

| | |
|---|------------|
| Capital Paid up Capital | 23,220,305 |
| Reserve Funds amounting at the end of 1912 to . . . | 6,212,976 |
| Government Advances | 67,541,782 |

Total . . . 96,975,063

In addition to this, some regional banks received from their member deposits, the average amount of which during the year was 3,815,000 fr.

The deposits received by the regional banks amounted in 1913 12,341,558 frs. The total amount in deposit on December 31st, was 44,122,240 frs.

In the following table, the business done by the regional banks in 1912 and 1913 is shown in parallel columns.

| Particulars | 1912 | 1913 | Increase in 1913 |
|---|-------------|-------------|---------------------|
| Bills Discounted and Renewed | 182,618,801 | 208,857,078 | 26,238,277 |
| Direct Loans to Local Banks for Working Capital | 1,434,760 | 543,731 | - 891,029 |
| Avances under form of Discount | 84,691,321 | 94,533,507 | 9,842,186 |
| Amounts Outstanding at End of Previous Year: | | | |
| (a) Loans 59,831,673 | 60,371,081 | 63,027,419 | 2,656,338 |
| (b) Debit Balance of Local Banks 539,408 | | | |
| Total | 146,497,162 | 159,004,657 | + 12,507,495 |
| Repayments Received | 82,569,743 | 86,991,280 | 4,421,537 |
| Amounts Outstanding on December 31st | 63,927,419 | 72,013,377 | 8,085,958 |

The amount of the short term collective loans to agricultural syndicates co-operative and mutual insurance societies, may be estimated at about 18,000,000 fr.

The general expenditure of all the regional institutions was 592,300 fr. as against 512,032 fr. in 1912, showing, therefore, an increase of 80,268 fr. This total with the amount of the short term operations (bills discounted and renewed), the advances to local banks for working fund in 1913, the long term collective and individual loans granted in the same year gives a total business done amounting in round numbers to 217,000 frs., of which the expenditure is on an average 0.27 %.

The reserve funds increased from 6,212,976 frs. in 1912 to 8,000 frs. in 1913 or by 1,787,809 frs.

In the following table the business of the local banks in the year 1912 and 1913 is compared :

| Particulars | 1912 | 1913 | Increase in 1913 |
|---|-------------|-------------|------------------|
| Number of Local Banks | 4,204 | 4,533 | + 329 |
| Number of Members | 215,695 | 236,860 | + 21,165 |
| | Fr. | Fr. | Fr. |
| Subscribed Capital | 20,507,931 | 22,509,092 | + 2,001,161 |
| Paid up Capital | 13,521,553 | 14,934,753 | + 1,413,200 |
| Short Term Loans Granted in the Year (Exclusive of Renewals) | 85,492,170 | 96,532,078 | + 11,039,908 |
| Loans Outstanding on January 1st: | | | |
| a) Loans 61,599,883 | 62,543,160 | 65,765,936 | + 3,222,776 |
| b) Bills to be Cashed and Miscellaneous Bills 943,277 | | | |
| Total | 148,035,320 | 162,298,014 | + 14,262,684 |
| Payments Received | 82,269,394 | 84,730,878 | + 2,461,484 |
| Loans in Course on December 31st | 65,765,936 | 74,567,136 | + 8,801,200 |

As we see, there is a increase in the number of local banks and of their members as well as of the loans granted in the year.

On the other hand, the amount of the reserves of the local banks only creased from 2,831,966 frs. in 1912 to 2,878,881 frs. in 1913, that is only 46,915 fr.

Most of the co-operative societies for transformation and sale of agricultural produce that are founded or that make changes in their stallation ask to benefit by the provisions of the law of December 29th., 1906, on long term advances; 103 of these societies in 1913 obtained advances amounting altogether to 3,890,940 frs.

In 1913 most of the co-operative societies continued the repayment of their instalments of the advances received by them.

The situation for the last two years was as follows:

| Particulars | at the End of 1912 | at the End of 1913 |
|---|-----------------------|-----------------------|
| Co-operative Societies that had Received Advances. | 290 | 382 |
| Paid up Capital | frs. 5,458,731.50 | frs. 7,519,588.30 |
| Advances Granted | " 9,297,194. " | " 13,188,131. " |
| Number of Members | 36,762 | 48,431 |
| These Societies were classified, according to their objects, as follows: | | |
| Dairies and Butter Factories | 50 | 55 |
| Fruitières and Cheese Dairies | 101 | 124 |
| Vine-Growers' Societies | 41 | 60 |
| Olive Growers' Societies | 11 | 14 |
| Vine and Olive Growers' Societies | 5 | 5 |
| Distilleries | 21 | 29 |
| Starch Factories | 2 | 2 |
| Societies for Utilisation of Material | 45 | 69 |
| Miscellaneous Societies | 14 | 24 |
| Total | 290 | 382 |

The Law of March 19th., 1910, on long term individual credit was acted on by 88 out of 89 banks that had received special advances. The advances at the disposal of the regional banks increased in amount from 10,774,760.78 frs. to 14,528,488.14 frs. Out of this sum, in the course of 1913, 1,035 new loans for an amount of 4,033,931 frs. were granted, at an average about 4,000 frs. per loan. In this way, since the passing of the law, 3,098 heads of business have received long term loans amounting to 11,726,444 frs.

Such are the principal results obtained by the agricultural mutual credit banks in 1913. They show the annually increasing vitality of the groups based on the principle of professional solidarity. Let us add here that the information received in regard to the work of the regional banks in the second half year of 1914 is such as to inspire full confidence in the future of mutual agricultural credit.

On August 19th., 1914, in fact, the Minister of Agriculture sent the presidents of the regional banks a circular asking them to take all the necessary steps to assure the working of the agricultural mutual credit banks during the war.

Generally speaking, the business of the credit banks has considerably decreased since the first of August, as at that date not only most of

members of the local banks but also almost all the secretaries and insurers were called under arms. However, it has been possible in a certain number of departments to organize a service of loans to the wives of men on military service, in accordance with the advice of the Government. It is also interesting to observe that in the wine growing districts and even in Champagne, the agricultural mutual credit banks have continued to render the greatest service to the wine farmers.

Thus the Agricultural Department has had the satisfaction of inducing the Bank of France to open an immediate credit to the Regional Bank of Reims, so as to facilitate for the Champagne viticulturists the payment of their labourers, the hire of means of transport and the purchase of vats until ordinary commercial business can be resumed.

On the other hand, on the application of the Agricultural Department, a special provision was inserted in the Decree of September 27th., (No. 10,000), authorising the regional and local mutual agricultural credit banks, precisely in the same way as the agricultural mutual insurance societies, to withdraw the whole amount of the funds deposited by them in the banks or credit establishments.

Finally, the Distribution Commission assembled at Bordeaux, has given as its opinion that the Minister of Agriculture may, in the interval between its quarterly meetings, as a matter of urgency, grant all the advances he recognises to have exceptional importance and to be based on very serious considerations.

RUSSIA.

THE MUSCOVITE UNION OF CO-OPERATIVE DISTRIBUTIVE SOCIETIES AND RURAL DISTRIBUTIVE CO-OPERATION IN RUSSIA.

§ I. THE SPECIAL CHARACTER OF DISTRIBUTIVE CO-OPERATION IN RUSSIA

According to the proposal for the universal organisation of the statistics of agricultural co-operation drawn up by the International Institute of Agriculture, the chief characteristic common to all the different varieties of co-operative societies, of exclusively agricultural nature is the fact that they have been constituted by persons belonging to the agricultural class with the object of increasing the rent of land and the profits of agricultural enterprise (1).

In conformity with this definition now adopted almost everywhere, co-operative distributive societies are not generally considered as agricultural co-operative societies. In fact, even in those relatively rare cases where they are "constituted by persons belonging to the agricultural class" their chief business — the co-operative purchase of things necessary in every-day life, food, clothing etc. — cannot be considered as directly tending "to increase the rent of land, and the profits of agricultural enterprise". It is not the *farmer* they wish to reach in the peasant, but the *consumer* and above all the consumer of objects of purely personal utility.

That however does not prevent a study of distributive co-operation in the country districts being quite in its place in our Bulletin. On the one hand, in fact through the good effect it has on the peasants' general financial position, distributive co-operation is able to contribute remarkably to increase his possibilities as an agricultural producer; on the other hand, it is a very common thing to see co-operative distributive societies, founded with a view to the purchase and sale of objects

(1) Compare *L'organisation de la statistique de la Coopération agricole dans quelques Pays* Matériaux pour aider à l'unification de la statistique de la coopération agricole (Rome, 1922; International Institute of Agriculture) Conclusions, pp. 143 et seqq.

personal utility, extending their action to include produce serving directly or the requirements of agriculture and thus becoming agricultural co-operative societies in the full sense of the expression.

If for example we take the official statistics of co-operative distributive societies in Russia (1), we find that on January 1st., 1912, out of 6,730 associations of this kind, there were not fewer than 4,716, that is 70.1 % of the whole number, placed under the head of *rural* co-operative distributive societies.

This proportion, not found anywhere else, would alone suffice to show the absolutely unique part taken by co-operative distributive societies in the economy of the country districts in the Empire of the Czars.

In a country where, even leaving out of consideration the vast solitudes of the Asiatic provinces, the density of population does not exceed 25 inhabitants per square kilometre, (2) where the distances are immense and means of communication as yet little developed, rural commerce must of necessity exist only in the germ. In order to procure even the commonest article, the Russian peasant must go to the nearest town or village, perhaps a distance of some score of kilometres from his hamlet. Under these conditions it will be understood that efforts have been made to remedy the want of shopkeepers in country districts by constituting every group of rural families into a co-operative distributive undertaking to procure for its members everything they require, whether directly by communication with merchants, or through the intervention of central institutions constituted for the purpose.

It is also evident that because in many places these co-operative societies form the only link between the peasant and the outer world, they are obliged to extend their sphere of action more widely than such societies elsewhere. They must supply members not only with certain kinds of goods, but with everything that they need, *including all that is required for agricultural production properly so called*, machines, manure, seed etc. In other words they become, *ipso facto*, agricultural co-operative societies in the strict acceptation of the term, in every place where there are no previously established associations for supplying the wants of the rural population.

Thus considering the extraordinary development of the co-operative idea among the Russians and the advantages secured by the practical application of the principle, the co-operative distributive societies, especially their central associations, will do their utmost to gain new members and to extend the sphere of their labours. Rather than buy from merchants, they will themselves try to produce at least a part of the goods which they

(1) Сф. Списокъ всѣхъ потребительныхъ обществъ Россіи на 1 января 1912 года (List of all the Co-operative Distributive Societies in Russia on January 1st., 1912), p. XIII.

(2) Compare ANNUAIRE INTERNATIONAL DE STATISTIQUE AGRICOLE (International Annual of Agricultural Statistics, 1911 and 1912). (International Institute of Agriculture, 1914. Rome).

supply, and should the production be in excess of their own requirements they will try to sell the surplus elsewhere. At first merely co-operative distributive societies, they will tend to become more or less co-operative purchase societies, then purchase and sale, and finally production, purchase and sale societies, while continuing to extend their efforts to supply every thing required by their members, whether for agricultural production or not.

The opposite process may also frequently be observed, that is that co-operative societies exclusively agricultural extend their action to business quite unconnected with rural economy. In a former number of our "Bulletin", we described the Dairy "Artells" (co-operative societies) of Siberia, which, besides their purely agricultural work, carry on wholesale production and the sale of such things as shoes and knives (1).

In short, we see that in Russia more than any where else it is difficult to draw a strict line between agricultural and non-agricultural co-operative societies and considering the important part taken by distributive co-operation in the country districts it must be regarded as "agricultural" in the case of associations founded in exclusively rural groups of houses as well as of the "unions" or other central institutions to which such rural distributive co-operative societies belong.

§ 2. ORIGIN AND DEVELOPMENT OF CO-OPERATIVE DISTRIBUTIVE SOCIETIES IN RUSSIA.

The origin of these societies goes back to the year 1865 (2). At first their progress was slow and difficult, and during the twenty years from 1865 to 1885 in all the Empire only 180 had been formed. The following twenty years constituted a second period, notably more favourable to their development, for the total number authorized in Russia from 1886 to 1905 rose to 1,879, that is, to ten times the number for the preceding period. A third period began with the year 1908, more remarkable still for the development of these associations, if we judge by the fact that during the first six years the number of the societies of which we possess particulars rose to 3,567.

Therefore in Russia from 1865 up to January 1st., 1912 there had been established altogether 7,626 societies, but, as many of these from one reason or other had ceased to exist, there were only 6,730 in 1912.

The following table gives some supplementary details of this constant and progressive evolution:

(1) See article entitled "The Union of Siberian Dairy Artells" in our "Bulletin" for August, 1914, pp. 41 et seqq.

(2) The first was founded in the city of Riga.

The existing 6,730 co-operative distributive societies had, on the 1st of January, 1912, in round numbers a total of a million members (1). Their geographical distribution was as follows: Russia in Europe properly so called, 5,257 societies; Russian Poland, 922; Caucasus, 217; Siberia, 291 and Russian Central Asia 43 (2). As to their distribution according to the social conditions in which they are established, the official statistics give the following figures:

TABLE II. — *Distribution of Co-operative Distributive Societies according to the Social Condition of their Members.*

| | | | Total Actual Number | % total |
|--|-------|---|------------------------|------------------------------------|
| Rural (Peasants') Co-operative Societies | . . . | | 4,716 | 70.1 ⁰ / ₁₀₀ |
| Urban | " | " | 683 | 10.2 ⁰ / ₁₀₀ |
| Village | " | " | 504 | 7.5 ⁰ / ₁₀₀ |
| Railway Labourers' | " | " | 190 | 2.8 ⁰ / ₁₀₀ |
| Factory Workers' | " | " | 430 | 6.4 ⁰ / ₁₀₀ |
| Independent Labourers' | " | " | 86 | 1.3 ⁰ / ₁₀₀ |
| Artisans' | " | " | 24 | 0.3 ⁰ / ₁₀₀ |
| Clerks' and Functionaries' | " | " | 97 | 1.4 ⁰ / ₁₀₀ |
| Total | . . . | | 6,730 | 100 |

(1) We shall now compare the figures for Russia with those for other countries.

| Countries | Number of Distributive Co-operative Societies | Inhabitants | Number of Members of Co-operative Distributive Societies | |
|-------------------------|---|-------------|---|-------------------------------|
| | | | Total | % of Number of Inhabitants |
| Russia | 6,730 | 168,400,500 | 1,002,100 | 0.6 |
| Great Britain | 1,428 | 41,455,700 | 2,542,500 | 6.1 |
| Germany | 1,374 | 60,041,200 | 1,134,800 | 2.4 |
| France | 2,716 | 39,252,200 | 742,000 | 1.9 |
| Austria | 1,477 | 45,405,200 | 372,100 | 0.8 |
| Belgium | 593 | 6,693,500 | 148,000 | 2.2 |

(2) Excluding Finland, where co-operative distribution is more developed than in the rest of the Empire.

Confining ourselves to that branch of the subject of co-operation in which we are at present interested, namely, that of a character purely and exclusively rural, we find from these statistics that 5,074 societies had been founded since 1865 and that on the 1st. of January, 1912, there were in existence only 4,716. This shows that in the course of the 42 years that have passed since the formation of the institution, for one reason or other, 358 or 7 % of the total number have disappeared. In other words, the 4,716 now in existence represent 93 % of the total number founded. We may observe that from this point of view also the rural societies are the most important as the following table proves.

TABLE III. — *Proportion of Co-operative Distributive Societies (still Existing) to the Total Number Founded.*

| | Total Number of Co-operative Societies Founded | Dissolved | | Working | |
|--|---|-----------------|---------------------------|-----------------|---------------------------|
| | | Total Number | Percentage of Total | Total Number | Percentage of Total |
| Rural Co-operative Societies . . . | 5,074 | 358 | 7.0 | 4,716 | 93.0 |
| Urban " | 1,043 | 360 | 34.6 | 683 | 65.4 |
| Village " | 552 | 48 | 8.8 | 504 | 91.2 |
| Railway Labourers' Co-operative Societies. | 245 | 55 | 22.4 | 190 | 77.6 |
| Factory Workers' Co-operative societies. | 510 | 80 | 15.7 | 430 | 84.3 |
| Independent Labourers' Co-oper- ative Societies | 109 | 23 | 21.1 | 86 | 78.9 |
| Artisans' Co-operative Societies . | 30 | 6 | 20.0 | 24 | 80.0 |
| Clerks' " | 83 | 33 | 39.8 | 50 | 60.2 |
| Functionaries " | 52 | 5 | 9.6 | 47 | 90.4 |
| Total | 7,698 | 968 | 12.5 | 6,730 | 87.5 |

In addition to their enormous numerical preponderance, the relative endurance, and the special solidity of the rural societies constitute one of the most eloquent proofs of the important part they take in the general progress of the welfare of the agricultural classes in Russia.

A more thorough study of this particular feature of Russian co-operation does not enter into the scope of the present article; we shall therefore confine ourselves to completing this sketch of its development, chronologically as well as geographically, by the following table :

TABLE IV. — *Development in Russia
of Rural Co-operative Distributive Societies.*

| Region | Date of Foundation of the Co-operative Societies | | | | | | | | | | Total Number of Societies now Working | Total Number of Societies Dissolved between 1895 and 1911 | Total Number of Societies Existing between 1895 and 1911 |
|--------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|---------|-------|-----|---------------------------------------|---|--|
| | 1865-1885 | 1885-1900 | 1885-1900 | 1891-1895 | 1896-1900 | 1901-1905 | 1906-1911 | Unknown | | | | | |
| | 1865-1885 | 1885-1900 | 1885-1900 | 1891-1895 | 1896-1900 | 1901-1905 | 1906-1911 | Unknown | | | | | |
| Russia in Europe | 1 | 2 | 5 | 26 | 89 | 380 | 3,256 | 8 | 3,767 | 303 | 4,070 | | |
| Poland | — | — | 5 | — | 6 | 20 | 518 | — | 549 | 24 | 573 | | |
| Caucasus. | — | — | 1 | — | 5 | 27 | 117 | — | 150 | 24 | 174 | | |
| Siberia | — | — | — | — | 5 | 33 | 198 | — | 236 | 5 | 241 | | |
| Central Asia . . . | — | — | — | — | — | 3 | 11 | — | 14 | 2 | 16 | | |
| The Entire Empire | 1 | 2 | 11 | 26 | 105 | 463 | 4,100 | 8 | 4,716 | 358 | 5,074 | | |

The special character impressed on these societies by the special conditions of Russian life is observable also in the organisation and manner of working of their different *unions*. We find a proof of this in the working of the most important of them, the Muscovite Union (1) which, formed originally to serve as a central institution for the province of Moscow alone, through a concurrence of particularly favourable circumstances and energetic and skilful management, has risen little by little to the rank of a vast central organisation extending its influence to the most distant provinces of the enormous Empire (2).

§ 3. GENERAL ORGANISATION OF THE MUSCOVITE UNION OF CO-OPERATIVE DISTRIBUTIVE SOCIETIES.

This Union dates from the last years of the 19th. century; its rules were approved by Decree of the Minister of the Interior on June 16th (Russian style), 1898. According to these rules the Union has three distinct fields of action :

(1) The most important amongst other federations of a similar nature are those of Winnitz in Podolia, of Perm and of Kharkov.

(2) Compare article by V. TOTOMIAN, "Les Unions Coopératives Russes" in the "Annuaire de la Coopération illustrée" of 1914 (Paris, L'Emancipatrice, 1914), pp. 138 et seq.

I. Commercial. The Muscovite Union seeks to concentrate in its hands the capital and the orders of the separate co-operative societies, to effect purchases in common on the best and cheapest conditions possible, and eliminate useless intermediaries between producers and purchasers.

II. Production. The Muscovite Union proposes, by opening co-operative workshops and factories, to encourage production by its members, and to organise sales in such a way as to prevent as far as possible purchases dependent of it.

III. Non-economic. The Muscovite Union seeks to diffuse the idea of co-operation, and the knowledge required for the practical realisation of this idea, and also to encourage, both materially and morally, a rational development of co-operation.

In other words, the Muscovite Union endeavours more and more to become not only an economic centre but a source of encouragement of co-operation in general and distributive co-operation in particular.

Every local co-operative distributive society, every union of co-operative societies of this kind, in short every association of which the object is to furnish the people with the necessities of daily life, may become a member of the Muscovite Union.

Every association desirous of such membership must with the request for admission send in a promise to observe the rules of the Union, and an entrance fee of 50 roubles, which is payable in instalments of 10 roubles per annum when the association is poor or has few members. It must also agree to take shares in the Union to the amount of at least 3 % of its own share capital. If this capital be less than 1,666 roubles, it must take at least one share in the Union at the price of 50 roubles. The amount of the first share must be paid on entrance, the balance during the course of the first year after entrance.

Every association belonging to the Muscovite Union is liable for the financial engagements of the Union up to a minimum of 50 roubles and to a maximum of 3 % of its own share capital. All associations affiliated to the Muscovite Union enjoy equal rights in it.

The Muscovite Union is governed by a " Council of Delegates " and " Bureau ".

The " Council," which has the general management of the work of the Union, is composed of delegates elected by the associations, not more than three from each.

The " Bureau " has the immediate conduct of the current affairs of the Union.

It formerly consisted of seven members, but, owing to the enormous increase in the number of affiliated associations and of the business, it was decided in 1912 to divide the societies composing the Union into twenty sections according to their geographical position, for the whole extent of the Empire. Each of these sections received the right of electing, through its representatives in the " Council of Delegates," one member of the Bureau which thus consists at present of twenty members, each representing the interests of a region.

When the number of members of the Bureau was thus increased it was decided to institute a "Council of Directors" to consist of four members chosen by the Bureau from its own body. To this Council was entrusted the direct management of current affairs.

The supervision of the work and the accounts of the Union is entrusted to a "Supervision Commission," the members of which, now numbering seven, are annually elected by the Council of Delegates.

To correspond with the three chief fields of action above mentioned, the conduct of the affairs of the Muscovite Union is divided into three sections, "Commerce," "Production" and "Secretariat Department", this last being concerned with the propaganda of the Union and its educational aims.

Finally, on account of the enormous increase in its work, the Muscovite Union has been obliged to institute agencies or branches, as necessity demands, in those regions where it has most members and where special transactions require special attention.

At the present time the Union has permanent branches at Kiev (instituted in 1911), at Rostov on the Don (1911) at Odessa (September, 1913) and at Bielaja-Tserkov in the province of Kiev (1911). For the whole duration of the great annual fairs of Nizhnii-Novgorod it employs a temporary agency in that city. It has a special permanent branch for purchases of various kinds in the town of Rybinsk on the Volga, where the navigation of that great river begins for large craft, and another permanent branch, more especially for the purchase of fish in the town of Astrakhan on the Caspian Sea, the principal commercial centre of South Eastern Russia.

§ 4. COMMERCIAL WORK OF THE MUSCOVITE UNION.

The commercial work of this Union comprises three forms of transaction, viz commissions, purchases and warehousing.

With regard to the first, the Union concentrates in its own hands all the orders from its subordinate societies, and makes special agreements with wholesale merchants, factories, workshops etc. regarding the delivery of goods whether to the societies by which they were ordered or to the warehouses of the Union, which undertake to forward them to their destination.

During the year 1913 the business transacted under this head amounted to 2,146,803 roubles, but this sum does not include the commission business effected by the branches, agencies and factories of the Union.

In its direct purchase transactions, the Union, instead of making contracts with merchants or factories, buys if possible directly from the producers, or from intermediaries, the goods or produce ordered by its co-operative societies. Under this head also comes the wholesale purchase, when opportunity offers, of goods the price of which varies considerably from time to time, and which, when they rise in value, will still be sold to the societies at cost price.

In 1913 the total business of this kind had increased, taking into account only the operations conducted at the central offices of the Union at Moscow, the value of which amounted to 1,958,321 roubles.

The warehousing work is of two kinds. The first is connected with the vast warehouses possessed by the Union at Moscow and by it placed at the disposal of its co-operative societies. These societies can thus give orders wholesale and deposit the goods in the warehouses whence they are forwarded as required.

The warehouses also store the goods of each season (corn, wine, fish, etc.) purchased by the Union itself to be sent out from time to time as ordered by the co-operative societies.

In 1913 the general business of this latter kind done, in the case of the central warehouses of Moscow alone, amounted to 1,297,402 roubles.

5. THE WORK OF THE MUSCOVITE UNION IN THE FIELD OF PRODUCTION.

As a producer the Muscovite Union is as yet relatively but little developed. Starting on the principle of undertaking only those enterprises which are safe and require little capital it began with certain raw materials the preparation of which is easy and not expensive. Its first undertakings of this kind were in connection with the wholesale purchase of coffee directly from the foreign producers. Sorted, roasted and ground in the warehouses, this coffee, bearing a special trade-mark has become well known in Russia and has brought a considerable profit to the Union.

Coffee was followed by tea, and here the strictness of the Union as to quality, packing, and careful handling of the goods bearing its special trade-mark has acquired for the "Muscovite Union tea" a well deserved reputation and very good prices.

These results, as well as those equally fortunate obtained by the direct importation, preparation and sale of cacao and pepper and by the sale of "Union bicycles", the various parts of which are bought wholesale from the factories and put together in the warehouses, have encouraged the Union, inducing it to extend its labours to raw material produced in Russia and if possible by its own co-operative societies.

Thus at the present time the Union sells vinegar, wine and soap, the raw material of which is supplied by its own members. No statistics have as yet been published of this new kind of production, which however seems to be making most satisfactory progress.

Let us especially observe the importance of this kind of production for the development of rural economy and of strictly rural co-operation in Russia.

The establishments at the head quarters of the Union for the preparation and production above described have necessitated the opening of a vast laboratory of applied chemistry of course at the disposal of the affiliated societies for analysing and testing the goods ordered by them.

Besides the productive work of the Union itself, we must mention work of the same kind carried on by many of the associations of which it is composed. In the absence of detailed information on this subject we shall limit ourselves to an enumeration of the institutions of production given in the latest annual of the Union, pointing out that the information relates to the year 1911. In that year the associations belonging to the Union maintained sixty-one bakeries, three mills, one brewery, a tile-field, two clothes making establishments, and factories one each, for the following goods, macaroni, soap, shoes, tobacco, and coffins. Some of these were on a large scale; that for macaroni for instance, represented a value of 61,000 roubles, but others are merely workshops, intended only to provide for the needs of the co-operative society to which they belong.

§ 6. WORK OF THE SECRETARIAT OF THE MUSCOVITE UNION.

All the work of the Muscovite Union which is not specifically economic being, as already stated, concentrated in the hands of the Secretariat, it has been found necessary considerably to reinforce that branch. Since 1912 the management of its affairs has been entrusted to a "Secretariat Commission", composed of one member of the Council of Directors as president, and of all the heads of the different sections of the department as members. Besides this managing staff there were in 1913 forty five employees of various kinds in the department, and the emoluments amounted to 72,000 roubles.

The various sections of the secretariat are at present the following:

1. *Section of organisation*, the duty of which is to examine all questions of organisation whether for the Union itself or for its associated societies. This section, the chief object of which is to promote the unification of the co-operative movement, has also the duty of representing the Union and its associated societies before the authorities and in courts of law, and to watch over the interests of the Union and the societies in general.

2. *Section for instruction*, the work of which is to collect, classify and bring up to date all information and material that may be of use in the establishment of new co-operative societies, and in the management of those already in existence. This section is concerned with the consultations, tests, and revisions necessary for the unification and successful working of co-operative societies belonging to the Union.

In 1914 there were seventeen expert teachers attached to the section, twelve of them at the Moscow head-quarters of the Union, two attached to the Kiev branch, two to that of Odessa, and one to that of Rostov or the Don. All these teachers are at the disposal of the co-operative societies of the Union; they visit the societies if requested, either to give advice or to inspect them. Advice may also be requested, verbally or in writing from the bureau of the section in Moscow. This bureau undertakes the auditing of accounts, the revision of old regulations and the drawing up

new rules, revises the societies' bookkeeping and publishes all the laws in connection with it. A special lawyer is retained by this bureau.

A special sub-section acts as a registry-office endeavouring to supply co-operative societies with capable employees experienced in the necessary line.

3. *The Economic and publishing section.* This section includes in the first place the forwarding office, which keeps the accounts, conducts the correspondence and keeps the records of the Union and distributes publications and circulars.

The publishing bureau directs the publication of books, manuals, pamphlets, calendars, co-operative memoranda, account books and various forms. Its work increases from year to year, and in 1913 the amount of business done by it was 95,549 roubles.

A book store and a printing press are attached to this office.

The bookstore, besides what its name indicates, assists the co-operative societies of the Union in the establishment and formation of special libraries. It indicates the books to be consulted on a given question, and supplies pictures and lantern slides for lectures. In 1913 the total business done by it was 104,087 roubles.

The employees of the printing-office undertake to see that the Union is always supplied with a sufficient stock of pamphlets and forms of every kind. This office not only does printing and lithography of every kind for the co-operative societies belonging to the Union, but also binds books, makes stamps of various kinds for them. It also acts as intermediary (though this is not obligatory) for all purchases of paper both for the Union and its associations.

4. *The Information and statistics section.* This section collects and classifies information concerning co-operation in general and distributive co-operation in particular. It draws up the statistical tables published in the annual of the Union and manages its very excellent library.

5. *The Editorial office of the Reviews and the Annual of the Union.* At present the Union publishes two periodical reviews. The first of these, entitled the "Consumers' Union" (Союз Потребителей), which has already been in existence thirteen years, publishes articles on the history, theory, practice of co-operation, also correspondence, bibliography, and a chronicle of the co-operative movement. It appears 36 times a year, and in 1913 had five thousand subscribers, subscribing three roubles a year.

The other review is called the "Union" (Объединение). It is more popular in character than the first, and appears twice a month. It is sent gratis to the co-operative societies of the Union for distribution among their chief members. In 1913 it was issued in eighteen thousand copies.

Finally, the Annual of the Union is a large volume of about 500 pages containing full details as to the development of the Union and its co-operative societies, besides various articles on co-operation for supply in general.

6. *Popular publications section.* This section, as its name implies, prepares a complete series of publications intended to diffuse the co-operative ideas among the people and to popularise practical methods of carrying

them out. To encourage contributors, it offers two prizes a year: one for the best pamphlet, the other for the best lecture submitted to it.

Besides the six sections the work of which we have sketched, the Union has also three special commissions, the work of which is intimately connected with that of the sections.

The first, the "Lecture Commission", facilitates and directs the arrangement of lectures. It engages capable lecturers, suggests to them interesting subjects, supplies them with information and arranges their route, so that they may be heard by the largest possible number of co-operative societies. The second commission, only appointed towards the end of 1912, devotes its efforts to music and the theatre just as the first commission devotes its to lectures. The third commission, still more recent, organises exhibitions, permanent or itinerant, to set forth the advantages of co-operation and its results.

Lastly we must refer to the important work begun by the Secretariat of the institution at the "Sehaniauski Free University" at Moscow of the special courses of study in connection with practical co-operation. Each course is complete in two half years. The first, general in character, intended for teachers, is at once theoretical and practical, and includes not only the study of co-operation properly so called but also thorough commercial instruction, and the elements of law. The second course, of specially commercial and practical character, is intended to impart the knowledge required by those in future to be employed by co-operative distributive societies in purchasing provisions and goods. The third is chiefly devoted to commercial book-keeping with a view to supplying co-operative societies with a staff of efficient and capable clerks.

These active efforts of the Muscovite Union to promote both general and special studies has produced excellent results. Only a few years ago the local co-operative distributive societies in Russia were purely and exclusively economic. Now, under the beneficent impulse given by the Union, many of them devote a portion of their income to the intellectual development of their members. According to the last Annual, there were, in 1911 out of 448 co-operative societies, 210, that is 46.87%, that had spent 40,193 roubles, that is on an average 191.39 for each society, in the promotion of general culture. Forty-three societies, that is 9.6% of all those taken into account, had besides devoted special funds to education. Out of a total of 23,301 roubles, an average of 541.83 roubles was devoted to each fund. This is a result the importance of which will be more clearly seen when it is remembered that 70.1% of the co-operative distributive societies in Russia are exclusively rural, that is, composed of peasants who live far from any intellectual or educational centre.

§ 7. PLAN FOR THE EXTENSION OF THE WORK OF THE UNION.

By an agreement made some years ago with one of the principal insurance companies of Russia, the Muscovite Union undertook not only to insure the goods ordered by its affiliated co-operative societies during transport from one place to another, or warehoused, but also to effect the benefit of these associations every other description of insurance merchandise and of real estate. During the year 1913 the whole amount used by the Union was 2,530,229 roubles.

The profit accruing from these transactions forms a special fund, "Insurance fund", of the Union. According to a public notice about the end of the year 1914, this fund is to form the basis for a future co-operative insurance organisation to replace the present system of insurance commission; but particulars are not yet published concerning this interesting project.

§ 8. THE MUSCOVITE UNION AT THE PRESENT MOMENT.

We have seen above that the Muscovite Union dates from the year 1898. Its general development from its foundation up to the first of January, 1914 is shown in the following table;

TABLE V. — *General Development
of the Muscovite Union from 1898 to 1914.*

| Years | Number of Co-operative Societies Adhering | General Total of Commercial Business Done Rs. | Share Capital in Roubles |
|--------------|--|--|-----------------------------|
| 98 | 37 | 31,340 | 800 |
| 99 | 68 | 139,332 | 5,200 |
| 00 | 85 | 109,302 | 7,900 |
| 01 | 110 | 177,567 | 9,650 |
| 02 | 131 | 260,420 | 11,750 |
| 03 | 141 | 347,304 | 12,400 |
| 04 | 153 | 439,706 | 17,656 |
| 05 | 166 | 290,759 | 19,132 |
| 06 | 201 | 399,978 | 27,558 |
| 07 | 257 | 722,541 | 38,568 |
| 08 | 294 | 1,278,311 | 47,822 |
| 09 | 393 | 1,948,827 | 68,808 |
| 10 | 549 | 3,597,149 | 91,194 |
| 11 | 776 | 5,911,404 | 160,257 |
| 12 | 999 | 7,985,234 | 225,413 |

Before entering into details concerning the Societies affiliated to the Muscovite Union and their action, we must mention that a considerable number neglect to reply to questions annually sent them with a view to the drawing up of the reports of the Union. For this reason these annual reports are far from being as complete as could be desired.

Of the 549 associations of which the Union was composed in 1911 only 448 gave the date of their foundation, and of these one gave it before 1870, four as between 1870 and 1880, nineteen between 1881 and 1890, eightythree between 1890 and 1900, while the remaining 3 gave the present century as the date of their foundation.

At the end of the year 1911 the 549 associations of the Union could be classified according to the social conditions of their members as shown in the following table:

TABLE VI. — *Distribution of the Co-operative Societies of the Muscovite Union.*

| | Total Number | Percentage of Total |
|---|--------------|---------------------|
| Rural Co-operative Societies | 244 | 44.4 % |
| Urban " " | 147 | 26.8 " |
| Factory Workers' Co-operative Societies | 102 | 18.6 " |
| Independent Labourers' Co-operative Societies | 39 | 7.1 " |
| Railway Labourers' Co-operative Societies | 17 | 3.1 " |
| Total | 549 | 100.0 % |

The information in regard to the number of members in each group at the same date is unfortunately very fragmentary.

TABLE VII. — *Number of Members of the Co-operative Societies of the Muscovite Union.*

| | Co-operatives Societies Taken into Account | Number of Members | Average per Society |
|---|---|-------------------------|---------------------------|
| Factory Workers' Co-operative Societies | 85 | 57,612 | 662.5 |
| Railway Labourers' " " | 13 | 47,937 | 3,687.46 |
| Urban " " | 118 | 32,263 | 273.06 |
| Rural " " | 167 | 20,826 | 124.70 |
| Independent Labourers' " " | 34 | 14,124 | 415.21 |
| Total | 417 | 172,762 | 412.3 |

Thus we see from the above statistics that the rural co-operative societies, though the most numerous of all, take the lowest place but one in respect to the total number of members, and the last of all in respect to the average number of members for each association.

In the following table the figures in which also refer to the date of December 31st., 1911., the societies forming the Muscovite Union are classified according to the amount of the general business done during the year.

TABLE VIII. — *Classification of the Co-operative Societies of the Muscovite Union.*

| Co-operative Societies Considered | Amount of Total Business Done (thousands of roubles) | | | | | | | |
|------------------------------------|--|---------------|---------------|----------------|-----------------|-----------------|-------------------|-------------|
| | Less than 10 | From 10 to 20 | From 20 to 50 | From 50 to 100 | From 100 to 300 | From 300 to 500 | From 500 to 1,000 | Above 1,000 |
| Rural Co-operative Societies . . . | 120 | 7 | 14 | 44 | 36 | 18 | 1 | — |
| Factory Workmen's " . . . | 98 | — | 2 | 16 | 21 | 35 | 15 | 7 |
| City Labourers' " . . . | 15 | — | — | 1 | 3 | 3 | 4 | — |
| Industrial " . . . | 179 | 58 | 57 | 55 | 7 | 2 | — | — |
| Dependent Labourers' " . . . | 36 | 1 | 6 | 12 | 10 | 7 | — | — |
| Total | 448 | 66 | 79 | 128 | 77 | 65 | 20 | 7 |

We shall complete this table by the following one which shows the relative importance of each social group of co-operative distributive societies with regard to the total amount of the most characteristic items entering in their accounts.

TABLE IX. — *Division of the Societies according to their Economic Situation.*

| | Share Capital | | | Reserve Fund | | | Total Business Done | | | Profit | | |
|---|---------------------|----------------------|--------------------------|---------------------|----------------------|-------------------------|---------------------|----------------------|---------------------|---------------------|----------------------|-------------------|
| | Number of Societies | Thousands of Roubles | % of Total Share Capital | Number of Societies | Thousands of Roubles | % of Total Reserve Fund | Number of Societies | Thousands of Roubles | % of Total Business | Number of Societies | Thousands of Roubles | % of Total Profit |
| Urban Co-operative Societies | 120 | 679 | 17.7 | 109 | 261 | 18.3 | 120 | 7,404 | 16.2 | 111 | 224 | 15.4 |
| Factory Workers' Co-operative Societies | 98 | 1,604 | 44.1 | 93 | 867 | 60.9 | 98 | 2,241 | 48.9 | 93 | 749 | 51.2 |
| Railway Labourers' Co-operative Societies | 13 | 910 | 23.9 | 14 | 249 | 17.5 | 15 | 9,933 | 21.7 | 15 | 296 | 20.3 |
| Rural Labourers' Co-operative Societies | 179 | 413 | 10.7 | 99 | 39 | 2.7 | 179 | 3,736 | 8.2 | 169 | 140 | 9.6 |
| Independent Labourers' Co-operative Societies | 36 | 137 | 3.6 | 25 | 8 | 0.6 | 36 | 2,308 | 5.0 | 30 | 51 | 3.5 |
| Total | 448 | 3,842 | 100.0 | 340 | 1,424 | 100.0 | 448 | 45,794 | 100.0 | 418 | 1,458 | 100.0 |

Now if we take from the preceding tables the data concerning the co-operative distributive societies we obtain the following results:

TABLE X. — *Comparative Importance of the Rural Group of Co-operative Societies (according to Statistics for 1911).*

| | | |
|---|-----------------|---------------------------------------|
| Number of Rural Co-operative Societies | 179 | or 40.1 % of the total |
| » » Members of Co-operative Societies | 20,826 | » 12.0 % » » |
| Average No. of Members of Rural Societies | 124.7 | » 30.0 % of the general av |
| Total Share Capital of the Rural Societies. | 413,000 roubles | or 10.7 % of the general a |
| Reserve Fund | 39,000 | » » 2.8 % » that of the Union |
| Total Business Done | 3,736,000 | » » 8.2 % » that done by entire Union |
| Total Profit | 169,000 | » » 9.6 % » that of the Union |

In other terms, in numbers the rural co-operative societies form most important group of the Union, but only from that point of view. The total number of members of this group, of which the average num

less than one-third of that for the societies of the Union generally, not more than 12 % of the total. And from the point of view of business done the proportion is still more against them for it is only 8.2 % of the total of that done by the entire Union. Let us, however, observe, that in regard to the realisation of profits the advantage rests with the rural societies, which is proved by the fact that, though their general total business was 8.2 % of the total done by the Union, they realise a profit of not less than 9.6 % of the total profit of the Union.

All these circumstances are however perfectly logical and natural. It is evident on the one hand that co-operative societies of peasants situated at considerable distances the one from the other cannot have as many members as those in urban or industrial centres, nor be as important as regards their business. On the other hand it is not less evident that the progress realised by the trade of co-operative societies in the country must be relatively more considerable than that in cities or towns where commercial competition is unrestricted. From all the preceding data the general conclusion may be drawn that if, on one side, the rural co-operative distributive societies contribute to a large extent to the constantly increasing progress of the Muscovite Union, it on the other hand not only plays a part in the development of rural economy in Russia, but also in the moral and economic education of the Russian peasant which is every year of greater importance.

The rural population was the first to avail itself of the enormous advantages offered by the Muscovite Union and of this the best proof is the constantly increasing number of the rural co-operative societies adhering to it.

On this point the evidence of the statistics is not final, but it is in any case sufficient to give a general idea of the progress made, because exceptions can only relate to a limited number of co-operative societies.

We have already seen that on January 1st., 1912 the Muscovite Union had affiliated to it in all 549 co-operative distributive societies, of which 23, that is 40.61 % were exclusively of a rural character. During the course of the same year 245 new associations joined the Union. Of these 153 there were 164 rural, that is 61.5 %. On the other hand 18 associations, of which only eight were rural, withdrew from the Union. On January 1st., 1913 the Muscovite Union had affiliated to it 776 associations of which 79 were rural, showing an increase of from 40.61 % to 48.84 %.

During the year 1913 the proportional increase of this rural contingent was still more remarkable. Of 256 new associations that joined the Union, no fewer than 190 were rural co-operative distributive societies. In other words these alone amounted to 74.2 % of the total number of new members of the Union. Again taking into account the associations that withdrew from the Union (23 in all, of which 18 were rural) the result was that on January 1st., 1914 the Muscovite Union had 999 associations affiliated to it, of which 551 were rural co-operative distributive societies. Thus the percentage of rural members of the Union had in the course of the year risen from 48.84 to 55.15.

Lastly, during the year that has just passed the total number of co-operative societies newly registered in the Muscovite Union was 213, that is 74 %, were exclusively rural co-operative distribution societies. It results that on January 1st., 1915 the Muscovite Union had in all 1,287 members, among which there were 764 rural co-operative societies, that is nearly 60 % of the whole.

In short, now that the first results of the great land reform are beginning to be perceived, the Muscovite Union of co-operative distribution societies, the largest union of associations of the kind in Russia, is assuming a character which tends to make of it one of the most powerful factors in promoting the general welfare of the rural population of the Empire.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION.

FRANCE.

PASQUIER (G.): LES COOPÉRATIVES DE CONSTRUCTION À LA CAMPAGNE (*Co-operative Building Societies in the Country*). "La Réforme Sociale". December 1st-16th., 1914.

The *Réforme Sociale* of December 1st-16th., 1914 gives in full the Report presented at the last annual meeting of the Société d'Economie Sociale (*Social Economy Society*), by M. J. Pasquier on the difficulties encountered by the Co-operative Building Societies in the country and the means for extending the action of these useful societies.

His own personal experience has led M. Pasquier to the conclusion that the success of the work depends on the education of the persons concerned. This education is a difficult matter, for, in contrast with the urban workman, the rural labourer reads little and if he reads it is only the price lists and miscellaneous information contained in the daily papers.

Let us add that the founders of the co-operative societies find their action hindered by the distance of their dwellings from the centres of meeting and also by the difficulty of combining intellectual and technical agricultural work.

To these special obstacles in the way of the rural societies we must add that the spirit of division is perhaps more marked in the country than in the towns, owing to political and social rivalry.

From all this it follows that in order to develop the work of cheap dwelling house co-operative societies, two campaigns must be undertaken :

- 1st. The social authorities, in this case, the landowners and collective bodies, must be induced to give pecuniary assistance, by way of investment.

- 2nd. It is urgent that the agricultural labourers' families be educated in the matter.

This twofold action must be promoted :

1. By the press, in the first place the agricultural press, which has more particularly the duty of promoting education in all its forms in the country, but must be seconded by the general press, especially by the local weekly papers ;

2. By the various Agricultural Syndicates and Societies which must place these subjects on the agenda of their meetings ;

3. By landowners, departmental managers of agricultural services, elementary teachers and the clergy.

ITALY.

LA SOCIETÀ AGRARIA DI LOMBARDIA NEL SUO PRIMO CINQUANTENNIO (1863-1913). CENNI STORICI (*The Lombard Agricultural Society in the first Fifty Years since its Foundation* (1863-1913). *Historical Sketch*). Milan. Premiata Tipografia "Agraria", 1914, pp. 243.

This is a detailed report of the work done by this important society in the first fifty years of its life (1863-1913), in the encouragement of Lombard Agriculture. It has favoured agricultural progress in the technical field by the encouragement of agricultural education, improvements in stock breeding and cheese dairying, by means of studies and enquiries in connection with the economic situation of mountain regions, silk industry and the organization of agricultural congresses, exhibitions and shows. In the economic field, it has principally devoted itself to encouraging the formation of agricultural co-operative and mutual societies, especially co-operative dairies, rural bakeries, and mutual livestock and agricultural accident insurance societies. We must specially mention the studies made for the reform of the contracts for lease of rural land in Lower Lombardy.

BERNINI (Dr. Prof. Ottorino): MANUALE PER LE PICCOLE LATTERIE COOPERATIVE (*Manual for Small Co-operative Dairies*) Mantua. Printed by A. Mondovi. 1914, pp. 112.

This volume contains a collection of instructions and practical regulations published for the guidance of all those who wish to form co-operative dairies; there are also indicated in it the formalities to be followed for the legal constitution of the societies, the rules for their working and administration, and the taxes on these businesses. In particular, in regard to the bookkeeping of the co-operative dairies, the author justly considers that it should be as simple as possible and not such as to require much time, so as not to absorb too much of the attention of the technical staff, considering the difficulty of finding in the localities where these institutions often have to work secretaries capable of keeping complicated books. On the other hand, it must, however, answer all the requirements of a regular administration, be clear and be easy to inspect rapidly. The idea is reasonable, but the number of books (10) recommended by the author for the accounts of the small dairies seems to us too large.

Part II: Insurance and Thrift

GERMANY.

WORK OF THE BAVARIAN HAIL INSURANCE INSTITUTE IN 1914.

By Dr. G. Rocca.

In the 44th. and 45th. numbers of this Bulletin(1), I had an opportunity of giving an account of the work of the Bavarian Hail Insurance Institute and the results obtained by it since its foundation in 1884 up to 1914. As the Presidential Board of the Institute has kindly supplied me with the latest statistics of the progress of the institution in the year 1914 and informed me of some important changes made in the general conditions of insurance, I think it advisable to complete the above mentioned account by the addition of the new facts at my disposal.

* * *

The Bavarian Insurance Institute, as an institute in public law subordinated by the State, up to 1914 strictly limited its operations to the territory of the Kingdom of Bavaria, so that land held by Bavarian citizens in the neighbouring States could not be insured by the Institute. But, as may be seen in the Minutes of the Meeting of the Advisory Commission of the Institute, held on the 29th. of last September, the Management, to satisfy a desire frequently expressed, authorized, by way of trial, for the year 1914, the insurance of holdings situated in the States adjacent to the Kingdom and contiguous with others in Bavarian territory already insured by the Institute. As no difficulty was occasioned by this, the Management proposes to continue such insurance.

(1) See numbers 8 and 9, August and September, 1914.

We know already that, in order to avoid excessive accumulation of risks, many hail insurance undertakings are accustomed to establish maximum risks for each commune or region within their field of action, and not to accept any further risks there. However, the Bavarian Institute has attained such a degree of development as constitutes the best guarantee for the necessary distribution of risks; and consequently for several years it has ceased to apply this precautionary measure of fixing a maximum for each commune. Thus all applications for insurance were accepted in 1914, except when special provisions of the law or the general conditions of insurance were opposed to them or the conduct of the applicant was incompatible with the object of the Institute.

The premiums are fixed for each commune, in accordance with the class of risk established for the region and according as the produce is more or less liable to be injured by hail. Every year the classification of risks is revised; and the Management now has the duty of examining the classification of each commune, even when no application has been made by it to be included in a lower class, with a view to the reduction of the amount of the premiums. On the other hand, it was necessary a few years ago, for the revision of the classes of risks, that application should be presented before the first of January. In a conference at Munich in 1913, (1), Doctor von Englert, President of the Institute, announced that the Management received complaints in regard to the amount of the premiums. But it is evident that the insurance premiums must, —leaving out of account the value of the produce insured—be in proportion to the risk for the locality and the special risk for the crop, that is to say, to the greater or less liability of the territory of the commune and the greater or less liability of each crop to suffer by hail. Complaints are especially made in regard to the graduation of the premiums according to the local risk and many people ask for compulsory insurance as a remedy, as they consider that if the law made hail insurance compulsory and general, the different classes of risk in which the communes of the Kingdom are now grouped might be abolished. But, Doctor von Englert observes with much justice, it would be unfair to make all the communes, with greater or less risks, pay the same premiums; holdings situated in regions most exposed have less value on that account alone. Compulsory insurance with uniform premiums would create a privilege, would be a favour conferred on the owners of land in those regions at the expense of the other policy holders.

In regard to the revision of the classes of risks to be made in 1915, the President declared in the above meeting of the Advisory Commission, that the Management, in view of the favourable results obtained in the last working year and the consequent increase of the reserve fund, would take into account the exceptional conditions caused by the war within the limits compatible with the mutual system.

The local risk is calculated on the average loss for each commune as far as the statistics permit of the calculation; that is to say that, at the end

(1) See *Landwirtschaftliches Jahrbuch für Bayern*, 1913, No. 13, Munich, 1913.

of each insurance year, the proportion of the loss to the amount insured is established, and the average of the various percentages thus obtained is calculated. For example, says M. von Englert, let us suppose that in a commune in the first year 22,000 marks damage were reported against a total amount of 100,000 marks assured, that is to say 22 %. As often happens, most of the policy holders, after their claims are settled, surrender their policies, in the hope that for some time the region will not again suffer by hail, and let us admit that it does not, although most usually the contrary is the case and this exaggerated confidence is a cause of serious loss for those surrendering. In the hypothesis that a minority of farmers in this commune who are assured altogether to the amount of 10,000 marks have remained faithful to the Institute and that in ten years no disaster is reported, the local risk of the commune will appear as follows: $22:11 = 2\%$. On the contrary, some years ago another method was followed; the amount of the value assured and the damage declared in the various years was established and the percentage calculated on the two amounts. In the above case, the amount of the damage being 22,000 marks and the amount assured 200,000 marks, the risk would be 11%, an amount far higher than before and, consequently, the policy holders who remained faithful to the Institute would have to bear the consequences of the withdrawal of the other farmers. This defect is avoided by the system now adopted, for, as above said, the percentage or the proportion of the risk is fixed according to the value assured and the damage declared in each insurance year and the average percentage is thus independent of the annual variation in the amounts assured. In the above case the same proportion of 2% would have been arrived at, even if some of the members had not surrendered their policies or if new members had been registered.

It is, therefore, necessary, says Herr von Englert, to rectify the opinion which is still widely diffused, that the withdrawal of policy holders whose claims have been paid has the effect of increasing the rate of premiums for the other members who continue their insurance, the rather as this opinion is often a hindrance to the progress of the Institute.

Besides, in order accurately to ascertain the local risk, account is taken not only of the average loss, but also of the quality of the crops cultivated in the Commune and especially of their liability to be damaged by hail. If, for example, in one commune grain is cultivated, and in another chiefly hops, and the proportion of the loss to the value assured is the same in both cases, the first commune must be placed in a higher class of risks because grain is less liable to suffer than hops. But even if in the same commune the local risk is greater, the insurance premiums may remain the same, for the premium for grain is lower than for hops. The premiums are graduated in each commune in order to obtain an amount corresponding with the average loss, estimated according to the state of the crops in recent years. It would be difficult to find a juster method of calculating premiums than that now adopted by the Institute.

* *

The Management of the Bavarian Institute in 1914 also introduced important changes into the conditions of insurance in regard to the amounts assured.

We have already had occasion to mention (1) that the farmer, in applying to be insured, declares that he accepts as correct the report of the communal authority in regard to the title of the holding he wishes insured, its area, the kind of crops and the class of yield corresponding with the value of the farms. In order that the farmers may more easily insure for an amount corresponding as nearly as possible with the value of their produce and in order to prevent their insuring for amounts exceeding the real value, which would only be a needless expense, the Management of the Institute had established, in agreement with the various communes of the Kingdom, classes of yield per hectare for each kind of crop, five classes for hops and vines and three for all other crops. These latter corresponded with figures showing the value of a good, average or bad yield.

Every year the Management advised the commune in regard to the classes of yield for each of the crops cultivated in its territory. The communal authority had to keep this communication posted at the Municipal Office or in other public places from the month of March to that of August.

The policy holder had to state in which class he desired his crop to be insured, taking account of the quality of the soil and the seeds, the season, the conditions of the crop, and the damage it is liable to from insects etc. However, the classes of yield were examined every year by the Communes which instructed farmers selected by them to ascertain the state of the crops and the conditions of the local market so as to be able afterwards to propose the necessary changes to the Management of the Institute.

But in 1914 instead of classes of yield being fixed as we have just mentioned for each commune, according to each kind of crop, the Management of the Bavarian Institute decided thenceforth to fix altogether 29 classes of yield from 300 marks per hectare up to 3,200 marks per hectare with a difference of 100 marks in each case, while leaving the policy holder full liberty to select for each of his holdings the class of yield he considers appropriate to it. For the insurance year 1915, the Institute has admitted three new classes of 200, 250 and 350 marks per hectare so as to facilitate further for the farmer the selection of the amount to be assured. At present the amounts that can be assured by the Bavarian Institute are, therefore, divided into 32 classes from 200 marks (2nd. class) up to 3,200 marks (32nd. class) per hectare; crops of a value of less than 200 marks are not insured nor are vineyards of a value of more than 3,200 marks. For example, if the policy holder selects the fourth class it means that he calculates the value of his standing crops at 400 marks per hectare or wishes to insure for that amount.

(1) See the above article in volume 44 of this Bulletin.

This system, which leaves the person insuring the greatest liberty in regard to the insurance of his crops, as he may enter them in the class of yield he considers most appropriate, seems to us justified by the fact that the person insuring is the best judge of his own interests and it is really to his interest that the yield from his crops should not be calculated at too high or too low a figure. In the first case he derives no advantage from having selected too high a class of yield not corresponding with the real value of his produce. In fact, on the principle that insurance can never be a source of gain to the person insuring but its only object is to make up for losses actually suffered, if it is found in case of a disaster that the amount assured exceeds the real value of the crops, the general insurance conditions of the Institute establish that the compensation must be reduced in proportion to the real yield as again calculated by an expert. Besides the higher premiums paid are not repaid, as in the whole interval between the signature of the contract and the moment the real yield is ascertained, the Institute has had to bear the entire risk of the whole amount assured, and the premiums paid exactly corresponded with this. In addition, we must remember that the policy holder in case the revenue from the land did not correspond at all or only partially corresponded with his hopes, had the right to correct his application for insurance (up to June 10th. and in the case of vines, vegetables, flowers and nursery gardens up to August 10th.), and to ask that his crops might be entered in a lower class of yield, on condition that in the year in course these crops had not suffered by hail at all.

In the second case, when the person insuring selects too low a class of yield, that is to say when he insures his crops for less than their value, he will really economise in his premiums, but, on the other hand, in case of losses, he is not sure of compensation corresponding with the real damage. Part of the risk remains to be borne by him and if the compensation obtained does not cover the amount of the loss he has only himself to blame.

In conclusion, the Management of the Institute establishing the above classes of yield has really made it more easy for the members to state the amounts they insure for; at the beginning of June, every farmer who knows his business is in a position to estimate the probable yield from his land.

By increasing the number of classes, it is intended also to reduce the number of demands for correction which were a cause of very considerable work for the Management, above all when the produce was assured on the basis of an average insurance value, calculated in accordance with the conditions of previous years. But as we have had occasion to point out, this system too often gave rise to litigation in the case of losses, rendering the estimation for them more complicated and costly. It is now completely abandoned and the Management requires, without exception an annual description of the crops to be insured.

* * *

In virtue of paragraph 13, of the general policy conditions, every person insuring is bound to forward to the Institute, through the medium of the Communal Bureau, before the fifteenth of May of each year, a description of the crops he desires to insure in the year, with the same details (name of holding, area etc.) as are required in the case of the application to insure. If, on the fifteenth of May this description has not yet reached the Institute, the Management is authorized to fix the amount of the insurance and the premium in accordance with the description sent the previous year or to arrange for the report to be made at the expense of the farmer. In the first case, the person insuring bears a part of the risk corresponding with the eventual difference between the value assured and the revenue from his crops. If a hailstorm takes place before the above description reaches the Management of the Institute, compensation is only assured for the farms described in the report sent the previous year and the classes of crops and yield insured in that year.

The object of this rule is to prevent the policy holder from sending his application as late as possible, so that, if the holding has not yet suffered by hail, he need only insure what is strictly necessary, selecting a lower class of yield so as to pay a lower premium; on the other hand, in case of loss not only might he place his produce in a higher class of yield but also insure crops most liable to be damaged by hail in order to obtain a larger amount of compensation. But as Herr von Haag very justly observes in his commentary on the law in accordance with which the Bavarian Institute was established, the above provisions are precisely intended to hinder this kind of speculation and to induce the policy holder, in his own interest to send the Institute as early as possible an accurate description as he can of his crops.

In the course of the year 1914, the Management of the Institute interpreting the above policy regulations in as broad a sense as possible, laid it down as a principle that compensation must be paid corresponding with the last description given of the crops, even if it arrives late and little after a loss has occurred, without the fault of the farmer. And the Advisory Commission in its meeting of September 29th. of last year decided to continue to apply this rule.

* * *

With regard to the valuation of the damage, the Management of the Institute has kindly furnished us with information that enables us to complete the account already given of the matter.

The law fixes no date for the estimation of the loss; it must always be made at a time as near as possible to that of the harvest, for it is only then that the damage to the crops can be estimated with due accuracy; thus, in the case of cereals, the estimation is made shortly before maturity.

for it is only then that it can be seen how far the crop has suffered from hail. In the case of damage caused by hail, in Spring, for example, to vines, tobacco or hops, a provisional estimate of the loss is made, so as to facilitate the final estimate to be made at date of the harvest. The results of this provisional estimate are not communicated to the policy holder, in order not to excite delusive hopes of compensation, for, as Herr von Haag says, the final estimate often shows the losses are less serious than the provisional estimate might have led one to imagine.

The final estimate is only made immediately after the disaster when the farm has suffered so seriously that the owner finds it more profitable to gather the produce before it ripens and to sow afresh. In such case, the policy holder must advise the Management of the Institute, which shall decide whether to proceed to an immediate valuation, or to await the further development of the crops sown. Of course the experts in the service of the Institute will only authorize the sowing of new crops when they judge it economically advisable. The Institute is thus authorized to reduce the compensation in proportion to the profit the policy holder may derive from the new crops, in so far as these are not secondary crops generally grown in stubble fields. The land thus cultivated a second time is consequently considered to be insured for the amount not paid as compensation after the first valuation of the loss; however, secondary crops which are only insured on special application are excluded from the insurance.

If, in spite of the consent of the Institute, the policy holder does not cultivate a second crop and if the damaged produce develops, otherwise than had been expected, the first valuation must be revised, so that equitable compensation may be paid, in accordance with the loss actually suffered by the crops.

When the second crops are damaged by hail, the total loss suffered by the farm from the various hailstorms is calculated, and compensation is given in accordance with that fixed for the produce originally cultivated on the farm. The damage to the new crops is then calculated independently; but, as the same value was assured, the compensation is added to that previously fixed. The compensation, in fact, had been simply entered to the credit of the policy holder but not paid to him.

After a hailstorm the policy holder may make no change in the condition of the produce damaged, until the amount of compensation has been fixed by the Management of the Institute and he has been authorized to remove the produce. He cannot begin or continue harvesting, his strict duty being to leave the crops as they were when the hail fell; otherwise, if his responsibility can be proved, he forfeits all claim to compensation.

Art. 26 of the general insurance conditions imposes the obligation on the policy holder of continuing to give the necessary attention, after the hailstorm to his hops, tobacco, vines and garden produce, just as if they had not suffered. The Management of the Institute informs us that this obligation is now no longer limited to the classes of crops above indicated, but is extended to all crops indiscriminately and therefore also to cereals.

In urgent cases, for example, when the crops damaged have reached such a degree of maturity that a delay of the harvest might diminish their value, the Institute may authorize, in accordance with article 27 of the general insurance conditions, the removal of the produce, provided there are left standing on each farm and of each kind of crop damaged, two areas of 4 square metres each, or, if harvesting had already begun before the hail-storm, that the farm remains as it was. So that the violence of the storm and the seriousness of the loss may be measured with some degree of accuracy.

Let us finally observe that in 1914 the Management of the Institute interpreting the general policy conditions in a larger sense than we have yet shown, decided that if the compensation is not calculated on the basis of the total amount assured, the premium must also be calculated according to the smaller amount thus assured.

This is especially the case in respect of horticultural produce, compensation for which is only calculated on the basis of the amount assured. In view of the variety of this produce, it is not required in this case as in the case of agricultural produce that the policy holder should send the description of the different varieties cultivated every year; he is free to change his method of cultivation, during the insurance year, as he thinks fit, according to the conditions of the crops, the market etc.... The horticulturist is merely bound to state the total value of his year's produce and the amount for which he desires to insure; if, in case of disaster, it is found that the real value of the year's produce that can be insured is less than that assured, compensation is calculated upon the real value and not on the amount assured. The principle that insurance may not be a source of gain for the policy holder but must only serve to make up for the loss actually suffered finds its application here and the Management of the Institute has rightly established that in this case the premium must be calculated on the lower amount really assured.

* * *

During the present year the Institute has sent an Order to all the Cour-munes of the Kingdom to be posted in public places. The classification of the yield per hectare for the various kinds of crops above indicated is shown as is also the classification of the produce to be insured in eight groups in view of the greater or less resistance they can offer to hail. The first group includes the most serious risks, for tobacco for cigars, vines in the period before flowering, vine tendrils etc. The Institute is bound to follow during the whole insurance year the classification indicated in the Order and cannot include a crop in any group except that established for it.

Finally, this Order includes a kind of circular addressed to all farmers summarising systematically all the advantages to be derived from insuring against hail in the Bavarian Institute. We think it advisable to reproduce it here as exemplifying the efficacious propaganda made by the Institute

among the agricultural population of the Kingdom, with the assistance of all the government and communal offices, and agricultural schools and associations.

"These last years have again clearly shown that *no region is secure against hailstorms*. A farmer, if he wishes to do his duty, must insure against hail.

The best opportunity for insuring is offered him by the Bavarian Insurance Institute. In the thirty years it has been working it has collected about 73,000,000 marks in premiums which have served to pay more than 70,000,000 marks in compensation, to cover the working expenses and to give the members an amount of about 1,500,000 marks as reduction of their premiums, which is entered to their credit, and in addition to constitute a reserve fund of about 14,000,000 marks, enabling the Institute to regard the future with confidence. The Bavarian State has largely contributed towards these results; and it is desirable that the advantages offered by the Institute should, if possible, benefit all farmers.

The number of the members of the Institute is now about 172,700; the amount assured is about 319,000,000 marks.

The members of the Bavarian Institute have not to pay anything for supplementary policies, for registration, postage etc., except the entrance fee, paid once for all, and a charge for the increase of the value assured. They have not even to pay the costs of valuation of losses.

The value of the agricultural produce that can be assured is fixed so that every farmer may assure the real value of his standing crops.

The validity of the insurance is independent of any payment made before the conclusion of the contract.

The premiums are only paid in October; supplementary premiums are not required. If the results for the insurance year are good, the premiums are reduced for persons who have insured for several years.

The valuation of losses is made exclusively by Bavarian farmers independent of the Institute who have a practical knowledge of agriculture; and make oath to discharge the duties with which they are entrusted with the greatest impartiality.

The members of the Institute are not bound for a term of years; they may surrender their policies any year, up to the end of February.

The general insurance conditions can only be modified with the consent of the representatives of the policy holders, in the Advisory Commission of the Institute.

Applications for insurance in the Institute may be presented to the communal authority at any time in the year. The communal authority is bound to receive them, without any charge. If the application is accepted, the insurance dates from the day on which the application reached the Royal Insurance Chamber. Every Communal Office is supplied with application forms, as well as copies of the law founding the Institute and the general insurance conditions.

Any individual may help in extending hail insurance among the agricultural population; for any increase in the number of members

strengthens the Institute, facilitates the compensation of risks and renders a reduction of premiums possible."

* * *

In 1913, the compensations were granted without any reduction and persons who had been insured for several years were granted reductions on their premiums, in accordance with the plan already adopted in previous years. According to this system, to the credit of the policy holders who reported no losses in 1913 and who, since they began to insure had paid an amount of premiums in excess of that of the compensation they had received, one mark was entered for every fifty marks of such excess in case the insurance had lasted at least three years, and 2 marks for every fifty marks of the same excess, in case the insurance had lasted to years at least, to be deducted from the amount of their premiums for 1915. In 1913, in view of the appreciable increase in the reserve fund in recent years, the Management of the Institute granted reductions on premiums to a total amount of 450,024 mks. or 9.2 % of the total premiums for the year (1).

However, the ultimate results for the year 1914 were less satisfactory than might have been expected, on account of the exceptional hailstorms occurring in the last days of the insurance years, so that a deficit of about 33,000 marks had to be registered. But the progress of the Institute in 1914 not only enabled it to make up this deficit, but also to continue to pay compensations without reduction, to enter 500,000 marks to the credit of policy holders of several years' standing under the head of reduction of premiums and to pay 997,000 marks into the reserve fund. This amount was not only invested at interest, but invested like other items entered to the reserve fund (entrance fees, interest on initial capital, interest on the reserve fund itself etc., amounting altogether in 1914 to about 1,500,000 marks), in accordance with a programme approved by the Bavarian Agricultural Department, to meet the needs of agricultural credit resulting from the war and in particular with a view to works of farm improvement.

In the course of 1914, the number of members increased from 172,020 to 172,661; the average amount assured per member increased from 1,633 to 1,844 mks.; the total amount assured by the Institute from 271,000,000 mks. to 318,000,000 mks. and the premiums collected from 4,400,000 mks. to 5,000,000 mks. The proportion of the premiums to the amount assured, not taking into consideration the reductions made for persons assured for several years, was the same in 1914, as in the previous year, that is to say, 1.57 %.

These favourable results, in the opinion of the President of the Institute, are above all due to the new application of classes of yield, of which we

(1. Consequently the provisional figure, 430,000 marks, given in the previous article (See volumes 41, 45 of this Bulletin) must be corrected, in 1912 these reductions did not amount, as erroneously stated, to 663,000 marks, but to 431,730 marks or 8.4% of the year's premiums.

have already spoken, and which has facilitated for the members the suitable insurance of their crops. At the beginning of the year, the increase in the amounts assured was even more considerable, for the members profited largely by the power granted them of choosing, for each of their farms, the class of yield which seemed to them most suitable. But, when they were afterwards advised of the total amount due in premiums, many of them expressed the desire to alter their selection and register their crops in lower classes. The Institute, taking into consideration that the system was new, attempted with the greatest good will to meet these requests for alteration, even when the term fixed in the general insurance conditions for the presentation of these applications (June 10th. or August 10th.) had already passed. Applications to make alterations could not, however, be received, when the crops had already been harvested and when the Institute had supported to the last the risk corresponding with the higher insurance; in such cases, if rectification had been allowed, the other policy holders would have suffered. In 1915, the Management of the Institution proposed to keep strictly to the terms laid down for the dates for applications for rectification, as now the policy holders must have sufficient knowledge in regard to the choice of classes of risk and the way their choice might affect the amount of their premiums.

In the above mentioned meeting of the Advisory Commission, Herr Lebeau, representative of the policy holders of the Palatinate, expressed his hope that the new classification would help to prevent the insurance of crops beyond their real value and that it would make it more widely known that whoever insures for the due amount, will also receive due compensation.

* * *

In 1914 hailstorms were very frequent, but the damage done was not very great; the damage done by hail in Spring could be to a large extent repaired and the members, so to say, did not lose very heavily on their crops, which may be considered as particularly fortunate as the period of danger was appreciably prolonged owing to the delays that took place in harvesting. The proportion of the total amount of loss to the assured value was only 1.17 % (against 1.46 % in the preceding year).

In 1914, the amounts assured were altogether 318,531,320 marks (381,002,200 mks. in the preceding year): in this sum were included the amounts for 223 policies insuring horticultural produce, the market value of which was estimated at about 316,940 marks, and which was assured for 215,430 marks; 15 policies insuring garden produce (flowers and other plants cultivated for industrial purposes, provided they were not in hot-houses) of an estimated value of 22,530 marks, insured for 14,210 marks; 10 policies insuring nursery gardens of a value of 81,070 mks., but only insured for 37,420 marks, and finally 5 policies insuring vine tendrils, of a value of 54,220 marks, but only insured for 13,110 marks.

The frequency of the storms in 1914 is seen in the following table:

| Month : | | April | |
|----------------------|--|---|--|
| Date of Hailstorms . | | 30 | |
| Communes Damaged . | | 1 | |
| Month : | | May | |
| Date of Hailstorms . | | 1 4 5 6 7 8 9 12 18 23 24 25 26 31 | |
| Communes Damaged . | | 7 1 14 10 9 11 1 2 10 415 39 5 3 2 | |
| Month : | | June | |
| Date of Hailstorms . | | 1 6 7 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 | |
| Communes Damaged . | | 1 63 1 9 117 1 82 26 136 11 8 8 4 11 119 3 6 2 | |
| Month : | | July | |
| Date of Hailstorms . | | 2 3 4 12 13 14 15 16 18 19 20 21 22 23 24 25 26 27 28 30 31 | |
| Communes Damaged . | | 16 235 1 58 124 17 55 5 1 72 33 36 119 9 2 57 203 17 24 4 | |
| Month : | | August | |
| Date of Hailstorms . | | 3 4 5 10 21 22 26 27 28 | |
| Communes Damaged . | | 5 6 1 9 7 34 12 19 1 | |
| Month : | | September | |
| Date of Hailstorms . | | 11 12 13 18 20 21 | |
| Communes Damaged . | | 6 2 18 6 4 1 | |

The favourable financial results for the year in question were due to the fact that in August little damage was reported in comparison with former years. Altogether there were 69 days of hail and, in 2,361 instances 20,960 members suffered residing in 1,818 communes (1,407 of these communes being once affected, 1,313 twice, 74 three times, 16 four times, 6 five times and 2 six times). The days on which the greatest damage was done were May 23rd. (415 communes suffering to the extent of 383,660 marks; July 3rd. (235 communes suffering to the extent of 506,664 mks.); and July 26th. (203 communes, suffering to the extent of 407,372 mks.).

For the valuation of losses, 430 sworn appraisers were required, who did, in all, 4,066 days' work. We must note that as a rule the valuations do not give occasion for complaint.

The premiums collected amounted altogether to 5,500,576 marks and the interest on current accounts to 5,000 mks., 500,000 mks. being allowed

persons insured for several years, as reductions on their premiums. The costs in connection with the collection of premiums amounted to 30,000 mks., the expenditure for valuation of losses and the working expenses came altogether to 300,000 mks.; thus, after the deficit of 13,000 marks from the preceding year was made good, about 4,597,000 marks remained, out of which the claims (3,800,000 marks) could be paid, while 979,000 mks. were paid over to the reserve fund, the amount of which at the end of the year was 14,750,000 marks.

The proportion of the reserve fund to the amount assured, which is a sure indication of the solidity of an insurance undertaking, is shown in the following table which summarises the work of the Bavarian Institute from 1884, the date of its foundation.

Table Summarising the Work of the Bavarian Institute.

| Working Year | Number of Policy Holders | Number of Claims Paid | Amount Assured | | Premiums | Lesses | Claims Paid | Reserve Fund | Working Expenses |
|--|--------------------------------|--------------------------------|----------------|---------------------------------|----------|--------|-------------|-----------------|---------------------|
| | | | Total | Average per Policy Holder | | | | | |
| | | | | | | | | | |
| Shown as Percentage of the Amount Assured | | | | | | | | | |
| 1884 | 7,375 | 985 | 11,140,233 | 1,511 | 1.27 | 0.67 | 0.67 | 1.49 | 0.05 |
| 1884 to 1899 | 1,026,737 | 121,230 | 1,545,405,671 | 1,505 | 1.21 | 1.37 | 1.15 | 1.77 (1899) | 0.05 |
| 1900 | 125,702 | 18,315 | 194,511,540 | 1,547 | 1.27 | 2.67 | 1.79 | 1.37 | 0.04 |
| 1901 | 131,444 | 17,345 | 205,095,890 | 1,560 | 1.30 | 1.40 | 1.35 | 1.38 | 0.04 |
| 1902 | 137,996 | 17,862 | 215,821,560 | 1,564 | 1.35 | 1.89 | 1.51 | 1.25 | 0.05 |
| 1903 | 141,329 | 24,533 | 223,343,980 | 1,580 | 1.38 | 3.05 | 1.74 | 0.97 | 0.06 |
| 1904 | 144,112 | 9,074 | 231,808,980 | 1,160 | 1.59 | 0.57 | 0.57 | 2.70 | 0.06 |
| 1905 | 142,556 | 15,207 | 229,526,160 | 1,610 | 1.64 | 1.34 | 1.37 | 3.17 | 0.06 |
| 1906 | 142,863 | 20,770 | 231,246,330 | 1,720 | 1.67 | 1.56 | 1.56 | 3.42 | 0.06 |
| 1907 | 145,945 | 19,964 | 236,036,010 | 1,617 | 1.65 | 1.61 | 1.61 | 3.57 | 0.06 |
| 1908 | 156,443 | 32,124 | 254,587,760 | 1,627 | 1.62 | 3.28 | 2.49 | 2.61 | 0.06 |
| 1909 | 163,774 | 13,618 | 267,560,620 | 1,634 | 1.76 | 1.20 | 1.20 | 3.19 | (*) 0.08 |
| 1910 | 166,756 | 23,163 | 273,032,790 | 1,638 | 1.78 | 1.42 | 1.42 | 3.58 | 0.11 |
| 1911 | 169,235 | 18,520 | 275,930,340 | 1,630 | 1.76 | 1.10 | 1.10 | 4.02 | 0.10 |
| 1912 | 171,208 | 16,550 | 283,404,760 | 1,651 ** | 1.66 | 0.85 | 0.85 | 4.97 | 0.11 |
| 1913 | 172,926 | 20,580 | 281,102,200 | 1,633 ** | 1.57 | 1.46 | 1.46 | 5.31 | 0.12 |
| 1914 | 172,661 | 20,960 | 318,531,320 | 1,814 ** | 1.57 | 1.17 | 1.17 | 5.15 | 0.12 |

(*) Since 1909, including expenditure for estimation of losses and since 1910 for part of the staff.

(**) Less reductions on premiums to persons insured for several years.

Among the crops insured by the Institute, the risk in the case of vines is the most serious, but if vineyard insurance does not give satisfactory results in a financial sense, that is due in part to the general crisis by which the vinegrowers of Central Europe have been for some years suffering. The Management of the Institute is reserving the question of the insurance of fruit until that of nursery gardens and vine branches, lately commenced, has proved advantageous.

Everywhere the statistics of damage caused by hail are very inadequate. It is only by minute investigation on an extended scale into the risk of injury to each crop by hail that the principles on which to calculate premiums and estimate losses can be established. So the Management of the Bavarian Institute, by gradually extending insurance against hail to new crops, is efficaciously contributing to the improvement of the technique of this important branch of agricultural insurance.

GREAT BRITAIN AND IRELAND.

THE RECENT DEVELOPMENT OF MUTUAL PIG INSURANCE IN ENGLAND AND WALES.

In the *Bulletin* for October, 1914, we published an article on "Mutual Pig Insurance in England and Wales" which was of the nature of a general study. In that article we were unable to give figures more recent than those relating to 1912, but since it appeared, the results of a further official enquiry have been published in the *Journal of the Board of Agriculture*, and this enables us to supplement our article with later information. The results of the enquiry, as published in the February number of the *Journal*, are in a condensed form, and we reproduce them practically as they appear.

§ I. STATISTICS RELATING TO BOTH REGISTERED AND UNREGISTERED SOCIETIES.

The enquiry carried out by the Board of Agriculture showed that there were, in 1913, in England alone, 1,080 societies for the co-operative insurance of pigs, generally known as Pig Clubs. These societies, a few of which are registered and recognised under the Friendly Societies Acts but the majority of which are unregistered and have no recognised legal position, are scattered over 28 counties of England, but, so far as has been ascertained, there are none in Wales or in 18 English counties. The counties having the largest number of societies are Lincolnshire with 340, Northamptonshire with 121 and Wiltshire with 102. Fifty-one of these societies were founded before the year 1860, and so have been at work for more than fifty years; while 232 of them have been started since 1900, so that the movement is still spreading.

A few leading statistics have been obtained for 1,027 of these societies. They had altogether 37,848 members, an average of 37 members per society, but one society had 270 members, and another 267, while 36 societies had between 100 and 200 members each, and several had less than 20. They insured among them 63,558 pigs, an average of 62 per society; but one society insured 1,030 pigs, 18 insured more than 300 pigs each, and several insured each less than 20 pigs. As the average number of pigs

insured per member was only 1.7, it is evident that the large majority of the members are small men, insuring only one or two pigs each; several societies, however, have an average of more than five pigs, per member. All these societies, except one, have a balance to their credit, the sum total of their assets being £32,656, against which there are practically no liabilities, as their accounts are settled quarter by quarter. The average assets per society are £32; forty societies have each more than £100 to their credit as a reserve fund, and one has £385. The total assets of all the societies put together average 10 shillings per pig insured, and as the compensation paid on pigs that die averages less than 2 shillings per annum per pig insured, it is clear that the majority of the societies must be in sound financial position, able to meet any claims that are at all likely to be made on them, even in bad years, without having to call on their members to pay an additional levy to make up any deficiency in the funds.

As many of the unregistered societies are in out-of-the-way villages and do not keep very accurate accounts, it is difficult to collect statistics from them. The following figures have, however, been obtained for the last three years for registered and unregistered societies taken together.

| Year | No. of Societies reporting | No. of Members | No. of Pigs insured | No. on which claims were paid | Amount paid on claims | Amount received in con- tributions from Members | Amount of Reserve Fund |
|-------------------|----------------------------------|-------------------|---------------------------|--|-----------------------------|--|---------------------------------|
| | | | | | £ | £ | £ |
| 1911 | 864 | 32,223 | 57,551 | 3,010 | 5,327 | 7,836 | 29,792 |
| 1912 | 747 | 28,289 | 48,223 | 2,516 | 4,709 | 6,754 | 29,171 |
| 1913 | 691 | 25,776 | 46,766 | 1,772 | 3,722 | 5,964 | 24,337 |
| Average | 767 | 28,763 | 50,847 | 2,433 | 4,586 | 6,851 | 26,566 |

Thus according to the experience of these three years, the casualty rate for these societies has been, for an average number of 30,847 pigs insured, 4.8 per cent. per annum, the rates for the different years having been 5.2, 5.2 and 3.8 per cent.; so that in this important respect the last year was a favourable one. For the three years the average amount paid per pig that died was £1.18 s., the average loss on claims per pig insured was 1s. 10d. and the average amount received in contributions per pig insured was 2s. 8d. In each year the contributions much exceeded the losses and at the end of the year the accumulated savings of these 767 societies averaged £35 per society, or over 10s. per pig insured — nearly six times the average amount paid on claims in a year.

Statistics for 1913. — For the year 1913 taken by itself the following somewhat fuller statistics are available.

| | No. of societies reporting | No. of members | No. of animals insured | No. of claims paid | Amount paid on claims | Total expenditure |
|------------------------|----------------------------------|-------------------|------------------------------|--------------------------|-----------------------------|----------------------|
| | | | | | £ | £ |
| unregistered | 659 | 24,170 | 43,352 | 1,669 | 3,468 | 5,130 |
| registered | 32 | 1,606 | 3,414 | 103 | 254 | 406 |
| Total | 691 | 25,776 | 46,766 | 1,772 | 3,722 | 5,536 |

| | Amount received in contributions | Amount received from sale of carcasses | Total income | Reserve fund at the end of the year |
|------------------------|--|---|--------------|---|
| | £ | £ | £ | £ |
| unregistered | 5,637 | 771 | 7,338 | 22,431 |
| registered | 327 | 37 | 514 | 2,106 |
| Total | 5,964 | 808 | 7,852 | 24,537 |

For this year the casualty-rate for unregistered societies was 3.9 per cent., while for registered societies it was 3.0: the total expenditure per pig insured averaged 2s. 4d. for both classes of societies, and the total income of pig insured was for unregistered societies 3s. 5d. and for registered societies 3s. At the end of the year the reserve funds of the unregistered societies equalled over 10 s. per pig insured or four times the total expenditure of the year, and those of the registered societies equalled over 12s. per animal insured, or five times the total expenditure of the year. In both cases the income of the year considerably exceeded the expenditure and the average savings of the year for the 691 societies reporting amounted to £316. Both unregistered and registered societies, taken as a whole, are evidently in a sound position. They receive no subsidy from the Government and very little by way of subscriptions from honorary members; one society obtained £21 during the year from the proceeds of a ball given in aid of its funds.

§ 2. STATISTICS RELATING TO REGISTERED SOCIETIES ONLY.

Fuller statistics are available for the registered societies, which work under rules that have been examined by the Registrar and have the force of law, and which have to submit to him properly audited accounts. There seems reason to believe they are, on the whole, better managed than the un-

registered societies, as on the average of the last three years their average casualty-rate has been only 4.2 per cent. per annum as compared with 4 per cent. for the unregistered societies, and they succeed equally well with a smaller average rate of contributions.

The Casualty-Rate. — These societies all pay insurance claims on pigs which die or have to be slaughtered in consequence of any disease or accident.

| Year | No. of Societies reporting | No. of pigs insured | No. on which claims were paid | Average casualty-rate per cent. per annum |
|-----------------|----------------------------|---------------------|-------------------------------|---|
| 1911. | 32 | 3,570 | 173 | 4.8 |
| 1912. | 31 | 3,066 | 148 | 4.8 |
| 1913. | 32 | 3,414 | 103 | 3.0 |
| Average | 32 | 3,350 | 141 | 4.2 |

According to the experience of these three years, a well-managed society in average surroundings may expect an average casualty-rate considerably below 5 per cent. per annum.

Amount payable per Casualty. — Some societies pay on claims the full value of the pig at the time it fell ill: others pay only a fraction of the value such as three-fourths or seven-eighths. The actual payments have been as follows:

| Year | No. of pigs insured | No. that died | Amount paid on claims | Receipts from sale of carcasses | Net loss | Average net loss | |
|----------------|---------------------|---------------|-----------------------|---------------------------------|----------|-------------------|-----------------|
| | | | | | | Per pig that died | Per pig insured |
| | | | £ | £ | £ | £ s. | s. |
| 1911. | 3,570 | 173 | 359 | 53 | 306 | 1 15 | 1 |
| 1912. | 3,066 | 148 | 331 | 46 | 285 | 1 19 | 1 |
| 1913. | 3,414 | 103 | 254 | 37 | 217 | 2 2 | 1 |
| Average. . . . | 3,350 | 141 | 315 | 45 | 270 | 1 18 | 1 |

From the experience of these three years it appears that an average society may expect to have to pay on the average a net loss of under £2 per pig that dies and to meet a net loss of well below 2s. per annum per pig insured.

Amount of Premium paid. — The statistics of the last three years have been as follows:

| Year | No. of pigs insured | Amount of Insurance contributions received | Average per pig insured | |
|---------|---------------------|--|-------------------------|-------|
| | | | £ | s. d. |
| 1912 | 3,570 | 351 | 2 | 0 |
| 1913 | 3,666 | 239 | 1 | 7 |
| 1914 | 3,414 | 305 | 1 | 9 |
| Average | 3,350 | 298 | 1 | 9 |

The average insurance contributions equalled 1s. 9d. per pig insured, more than sufficient in themselves to cover the net losses.

Income and Expenditure of Insurance Fund. — The total income for the year 1913 of the insurance funds of these 32 registered societies was £15, made up as follows: — Insurance contributions £305, entrance fees and fines £21, sale of carcasses £37, interest £48, other income £13; and the total expenditure was £343, including £254 paid on claims, £5 paid as dividend to members, and other payments £34; so that during the year they made a saving of £102 and their insurance reserve increased from £1,950 at the beginning of the year to £2,052 at the end.

Management Expenses. — Twenty societies insuring 2,389 pigs report their management expenses for the year 1913 as £63, of which £37 was paid in salaries. The average expenditure on management was therefore 9s. 6d. per pig insured, as compared with 9d. and 7½d. in the two previous years. From this it appears that most of these societies are economically managed, the members of Committee giving their time and labour without remuneration and the secretary and marker being content with quite small salaries.

SWITZERLAND.

THE INSTITUTION OF RURAL SICKNESS SOCIETIES.

SOURCE:

L'INSTITUTION DE CAISSES-MALADIE RURALES, MOTIFS ET PROPOSITIONS. PUBLICATIONS
SECRÉTARIAT SUISSE DES PAYSANS, NO. 47 (*Institution of Rural Sickness Societies. Obj-
and Proposals. Publication of the Swiss Peasants' Secretariat, No. 47*). Brugg, publi-
by the Swiss Peasants' Secretariat, 1914. pp. 141. 8vo.

After the passing of the federal law on Sickness and Accident Insurance the Committee of the Swiss Peasants' Union instructed the agricultural secretariat to make preliminary studies for the introduction of Rural Sickness Societies into Switzerland. The above federal law sought to hasten the extension and development of sickness insurance by means of supervision and subvention of the sickness societies, but made no provision for the institution of these societies by the Confederation.

The Swiss farmers, however, do not intend to let this excellent opportunity of sharing in the great advantages offered by federal insurance escape them, seeing the liberty that is given to private initiative above all the initiative of the cantons.

The Peasants' Secretariat, which, in its publication no. 43, had already made its proposals in regard to the organization of sickness insurance has now devoted the above publication to the matter of sickness insurance.

The work is certainly one of the most important that have recently appeared on the subject.

It is divided into three large sections, the first of which shows the reasons in favour of the institution of agricultural sickness societies.

To render the need more evident, the compilers of the work have subdivided this section into two chapters the first of which gives the provisions of the federal law in regard to sickness and accident insurance whilst the second is concerned with the illnesses the agricultural class is liable to and institutes suitable and interesting comparisons, supported by statistics of the illnesses occurring in agriculture and in all other professions.

The second section is concerned with the institution of agricultural sickness societies and deals more especially with rural societies, with the Federation of the Rural Sickness Societies of the Swiss Peasants' Union and the Auxiliary Aid Society of the Federation of the Rural Sickness Societies of the Swiss Peasants' Union. Model rules and draft standard rules for these forms of sickness society are added.

The third section or part of this publication, finally, is concerned with the application of art. 37 of the federal law, containing the provisions in virtue of which the Confederation supports sickness societies in the sparsely inhabited mountain regions.

The subject of this publication is certainly one of the most important in the student of insurance in view also of the fact that in few States has any real progress yet been made in realising the now long standing desire of the rural classes for agricultural accident and sickness insurance. The results of the researches carried out by the Swiss Peasants' Secretariat in regard to the institution of agricultural sickness societies, given in the second part of this work, are of importance for the study and understanding of the problem in a general sense. These researches, then, led to the following conclusions:

I. Agriculture can only benefit by the federal law if the necessary steps are taken to encourage the foundation of rural sickness societies.

II. From the age of 35 to 40 years the number of cases of illness increases in an appreciable degree and more frequently in agriculture than in the other professions; on the other hand, the improvement in the treatment of the sick is a need felt everywhere.

III. The rural population is everywhere greatly averse to compulsory insurance, so that the aim may be best attained by the encouragement of voluntary insurance.

The Secretariat entrusted with the study of the question had to solve the by no means easy problem of the form to be given to the insurance institutions, that is to say, whether it would be more suitable and more advantageous for the Swiss farmers to found special institutions or just to adhere to the sickness societies generally in use.

The reasons for the adoption of either solution may be justifiably supported. If we consider the frequency of the illnesses, the position of many communes, their importance etc., it is certain that the institution of insurance specially limited to the agricultural population does not present too great an advantage. But, on the other hand, the agricultural population has special needs in regard to sickness insurance; while most of the sickness societies are organised to suit the requirements of the urban and industrial population; in addition to this, the management of the central mutual societies and often of the local societies is in the hands of a group of persons who are strangers and often even hostile to the peasants.

For these and other reasons, the presenters of the reports on the enquiry were of opinion that the foundation of special institutions was necessary in order to infuse the spirit of the rural population of the country into the organisation taken as a whole and to maintain it.

Naturally, if there are already sickness societies meeting the requirements of the agricultural population, the foundation of new societies may be dispensed with; the same may be said if the State institutes public sickness societies, and even makes insurance compulsory.

For the vitality of the sickness societies for agriculture, they must be secured against the risks to which they are exposed in cases of losses or illnesses by means of a mutual reinsurance society.

Considering more in detail the manner of working of the rural sickness societies, it must be observed that this kind of society is not concerned with the provision of compensation for every day of unemployment due to sickness of the policy holder, but rather its object is to obtain for him medical care and attendance.

To attain this end, however, it is necessary for the society to have certain independence; without exclusion of the necessary supervision, the management of the society must be as simple as possible. Nor must it be a professional sickness society in an exclusive sense: as in the country the population is for the most part and fundamentally agricultural, the agricultural class must also furnish the largest number of the policy holders of the sickness societies.

The rural society must undertake to pay the costs for medical attendance to its sick members and try to secure the best assistance and treatment for them; another of its duties is to inculcate upon the agricultural population the fundamental principles for healthy and regular living by means of courses and lectures on diet, alcoholism, the fight against tuberculosis, epidemics etc.

All the inhabitants of Switzerland, without distinction of sex, age or profession may be members of rural sickness societies. But the society is only bound to accept as members farmers and the members of their families living with them and agricultural employees, provided they are not over 50 years of age. In regard to other persons the competent authorities of the society decide whether to accept or refuse their applications. While the rural sickness societies are not exclusively intended for the farming population, they give the whole rural population (artisans, schoolmasters etc.) the possibility of benefiting by the advantages they offer.

We shall not here concern ourselves with the duties of the members to the society, which are limited to the payment of monthly contributions.

The benefits the society is bound to provide may be summarised as under:

- (1) Medical consultations and doctor's attendance at the patient's home.
- (2) Medicines ordered by the doctor.
- (3) Hospital or clinical treatment for the maximum period of 6 months.
- (4) Baths and other small medical necessities ordered by the doctor.
- (5) Treatment of women in their confinements.

The society grants its assistance for a maximum period of 180 days in a period of 12 consecutive months.

Expenditure due for accidents is not given by it, as the federal law on agricultural accidents provides for compensation to be given in another way in the case of accidents. Anyone who has received assistance from the bank for the maximum period laid down, must wait till another 180 days are passed before he can again apply for it; however, if these persons are still ill they are referred to the society making provision for sicknesses of longer duration than are contemplated by the ordinary societies.

Finally, the society gives compensation in cases of death.

Part III: Credit

PORTUGAL.

AGRICULTURAL CREDIT IN PORTUGAL AND ITS REORGANIZATION.

OFFICIAL SOURCES:

Lei No. 215 DE 30 DE JUNHO DE 1914. Reorganização do Crédito agrícola (*Law Number 215 of June 30th., 1914. Reorganization of Agricultural Credit*). Lisbon, National Press, 1914.

COMISSÃO DE CRÉDITO AGRÍCOLA. Relatório e Contas da Gerência (*Agricultural Credit Commission, Report and Statement of Accounts*). Lisbon, National Press, 1914.

DIÁRIO DA CÂMARA DOS DEPUTADOS (*Journal of the Chamber of Deputies*).

DIÁRIO DO SENADO (*Journal of the Senate*)

OTHER SOURCES:

BOLÉTIM DA ASSOCIAÇÃO CENTRAL DE AGRICULTURA PORTUGUEZA (*Bulletin of the Portuguese Central Agricultural Association*). Lisbon, 1911, 1912, 1913, 1914.

DIÁRIO DE NOTÍCIAS (*Journal of News*) Lisbon.

INTRODUCTION.

Up to 1911, we may say, there was no system of agricultural credit in Portugal and the farmers were at the mercy of usurious private money lenders. Under these conditions, the Law decreed on March 1st., 1911 met an urgent need of the rural economy of the nation. In fact it instituted agricultural credit, encouraging the constitution of mutual credit banks with financial assistance from the State.

In the short space of three years the Decree in question has already had many results in the economic and social world. But these have not corresponded with the hopes the public authorities based upon it when pro-

mulgating it and founding the Agricultural Credit Commission entrusted with its execution.

In fact, from the first, it has been necessary to overcome many difficulties due to want of confidence on the part of the rural population and the opposition of all those interested in the maintenance of the existing state of things. But, happily, the intelligent and untiring work of the Commission has gradually overcome them and not only have the farmers been induced to associate for the foundation of mutual credit banks but they deposit their savings with them, which implies complete confidence in these institutions.

But, if the action of the Commission has been effectual, as indeed has been the case, as regards its work in the conditions under which the associations with the supervision of which it is entrusted had to develop, in the practical application of the Decree of 1911 certain defects were discovered in its provisions which have prevented the realisation of all the results desired and which the Commission was unable to remedy.

It therefore had to limit itself to the recognition of these defects and laying before the public authorities all the reforms found to be advisable in the practical application of the law. Accordingly, the Minister of Agriculture, Antonio Maria da Silva, presented to Parliament a bill for the reorganization of agricultural credit, which was passed on June 30th 1914 and became law no. 215.

Before dealing with this law, we think it well to give some information in regard to the work accomplished by the Agricultural Credit Commission as well as of the progress made by the mutual credit banks especially recently.

§ I. WORK OF THE AGRICULTURAL CREDIT COMMISSION AND THE MUTUAL CREDIT BANKS.

In previous numbers of this Bulletin (1) we have dealt with the Decree of March 1st., 1911 and the results obtained by its means. We shall not therefore repeat what has been already said and shall merely remind our readers that, by that Decree, the Government opened a credit of 1,500,000 crs. (7,500,000 frs.) to encourage the constitution of mutual agricultural credit banks by means of loans. The same Decree established the Agricultural Credit Commission, the principal duties of which are (1) to draw from the funds for agricultural credit the amounts required for the agricultural credit operations of the banks; (2) to receive application for loans, discounting or rediscounting from the latter; (3) to encourage the formation of these banks; (4) to provide the capital needed for their work on pledge and personal security; (5) to fix the rate of interest on loans; (6) rigorously to supervise and inspect the work of the banks etc.

(1) See our numbers for May, 1911 and October, 1913.

Let us further remember that the banks pay 3% on loans out of the State funds and only 1% on those out of the funds of the former *Celleiros*. The banks, in their turn, lend their members money derived from the first source at a rate varying from 3 ½% to 5% and out of the second at a rate of from 1 ½% to 3%.

The Commission began work in April, 1914. Since then and up to June 30th., 1914 it had granted the rural banks the following amounts in loans.

TABLE I. — *Loans Granted by the Commission to the Agricultural Mutual Credit Banks, out of State Funds.*

| Year | Half Year | Loans Granted | | Loans Repaid During the Year | |
|----------------|-----------|---------------|---------------|------------------------------|--------------|
| | | Number | Amount | Number | Amount |
| 1911 | 2nd. | 12 | 6,505 \$ 00 | | |
| 1912 | 1st. | 56 | 6,254 \$ 25 | 9 | 2,555 \$ 00 |
| 1912 | 2nd. | 106 | 33,150 \$ 49 | | |
| 1913 | 1st. | 250 | 70,674 \$ 83 | 61 | 20,768 \$ 18 |
| 1913 | 2nd. | 296 | 121,528 \$ 07 | | |
| 1914 | 1st. | 424 | 131,296 \$ 76 | 323 | 71,111 \$ 64 |
| | | 1,150 | 369,469 \$ 40 | 393 | 94,432 \$ 82 |
| | or frs. | | 1,847,947.00 | | 472,174.10 |

The Banks that have received the largest amounts in loans are those of Serpa (275 loans for an amount of 100,463 \$ 90; Bombarral (241 for 47,445 \$ 60) and Aljustrel (97 for 30,079 \$ 91), and those that applied for the smallest amounts are those of Peniche (4 loans for 1,250 \$) and Castro Verde (3 for 2,150 \$). The preceding table shows us that, of the 1,150 loans granted by the Commission in the period indicated, 393 for an amount of 94,432 \$ 82 were repaid; the loans not repaid on June 30th., 1914 were in consequence 757 for an amount of 274,974 \$ 58.

In the financial year 1913-14, eleven mutual credit banks were founded in the following localities. Chacim, district of Braganza; Vila Nova de Famalicão district of Braga; Peniche, district of Leiria; Santarém and Tomar, district of Santarém; Moita do Ribatejo, district of Lisbon; Évora

and Vendas Novas, district of Evora ; Beja, Alvito and Ferreira do Alentejo, district of Beja.

In all these banks the members are jointly and severally liable to an unlimited degree.

It must be observed that these institutions are most numerous in the south of the country, apparently because agricultural industry is more developed there and there is consequently a greater demand for money.

On June 30th., 1914, the share capital of the banks that had State money at their disposal amounted to 603,187 \$ 94. or 374, 302 \$ 23 more than at the end of the financial year 1912-13.

It is to be remembered that the credit of the banks, which, since the Decree of 1911 limited their business, consists, in the case of the banks of joint and several unlimited liability, of the share capital in excess of 50% of the value of the unmortgaged rural and urban land belonging to the members, which cannot be estimated at more than fifteen times the taxable revenue of the holdings ; in the limited liability banks, the credit is twice the share capital paid up.

In the working year 1913-14, the total guarantee of the banks was increased by 1,444 rural and 214 urban holdings. On June 30th., 1914, the joint and several liability of these banks was as follows.

TABLE II. — *Guarantee of the Unlimited Banks on June 30th., 1914.*

| Banks | Rural Holdings | | Urban Holdings | | Total | |
|----------------------------|----------------|--------------|----------------|--------------|--------|--------------|
| | Number | Value | Number | Value | Number | Value |
| Bombarral | 200 | 49,605 8 52 | 41 | 14,447 8 45 | 241 | 64,602 8 97 |
| Salvaterra de Maços . . . | 27 | 9,824 8 50 | 34 | 6,786 8 50 | 61 | 16,611 8 |
| Viana do Alentejo | 11 | 34,842 8 50 | 7 | 4,017 8 | 18 | 39,459 8 10 |
| Mourão | 104 | 23,631 8 38 | 33 | 4,506 8 75 | 137 | 28,138 8 13 |
| Aljustrel | 32 | 38,081 8 66 | 34 | 17,752 8 85 | 66 | 50,807 8 51 |
| S. Tetóvão | 50 | 10,976 8 | 7 | 1,588 8 50 | 57 | 12,564 8 50 |
| Alcáçovas | 50 | 29,548 8 50 | 26 | 4,769 8 80 | 76 | 34,318 8 30 |
| Castro Verde | 9 | 7,701 8 64 | 3 | 1,725 8 | 12 | 9,426 8 64 |
| Serpa | 691 | 266,709 8 56 | 93 | 19,426 8 78 | 784 | 286,136 8 34 |
| Villa Flor | 926 | 40,314 8 45 | 93 | 3,484 8 18 | 1,019 | 43,798 8 63 |
| Alcabaga | 34 | 6,383 8 74 | 6 | 4,608 8 | 40 | 11,081 8 74 |
| Petués | 31 | 47,074 8 93 | 2 | 168 8 15 | 40 | 47,156 8 08 |
| Alcochete | 26 | 3,625 8 08 | 7 | 1,399 8 20 | 33 | 5,025 8 18 |
| Lourinhã | 16 | 4,541 8 14 | 3 | 1,322 8 66 | 19 | 5,863 8 80 |
| Alvorinscha | 177 | 16,611 8 87 | 25 | 13,065 8 45 | 202 | 29,710 8 32 |
| Eborense | 20 | 47,045 8 99 | 8 | 8,228 8 95 | 28 | 55,274 8 94 |
| Ourique | 86 | 87,590 8 52 | 6 | 2,123 8 85 | 92 | 89,714 8 37 |
| Ciça do Ribatejo | 40 | 12,145 8 15 | 15 | 14,480 8 55 | 55 | 26,625 8 70 |
| Ideio Galega | 9 | 6,161 8 | 5 | 2,341 8 | 14 | 8,502 8 |
| Freixo do Alentejo | 13 | 68,609 8 50 | 3 | 1,701 8 | 16 | 70,370 8 50 |
| Enxique | 28 | 11,218 8 57 | 4 | 1,293 8 90 | 32 | 12,512 8 47 |
| Macim | 31 | 6,205 8 20 | 2 | 368 8 20 | 33 | 6,803 8 40 |
| Ómar | 5 | 3,869 8 47 | — | — 8 — | 5 | 3,869 8 47 |
| | 2,676 | 832,321 8 47 | 457 | 126,048 8 72 | 3,073 | 968,373 8 90 |
| or francs | | 4,161,621.85 | | 630,241.60 | | 4,491,865.15 |

Up to June 30th., 1914 the Mutual Banks had granted 1,570 loans for the amount of 478,089 \$ 88, of which 1,150 for 369,409 \$ 40 were granted out of the agricultural credit fund formed by the State and 420, for 108,680 \$ 48 out of the Banks' own capital, consisting of deposits and the profits on their business. Comparing these figures with those corresponding for the end of the previous year, we find that in 1913-14, 645 loans were granted for a total amount of 343,302 \$ 94.

Out of the above total number of 1,570 loans, 632 for a total amount of 184,530 \$ 28 were granted on personal security, 623 for 211,762 \$ 07 on pledge and 315 for 81,797 \$ 52 on mortgage.

In the following table we show the distribution of the loans per bank.

| Banks | Loans on Personal Security | | | Loans on Pledge | | | Loans on Mortgage | | | Total |
|-------------------------------------|----------------------------|---------------|--|-----------------|---------------|--|-------------------|--------------|--|---------------|
| | Number | Amount | | Number | Amount | | Number | Amount | | |
| Bombaral | 31 | 6,475 \$ | | 225 | 34,636 \$ | | 38 | 9,026 \$ | | 50,137 \$ |
| Elvas | 133 | 62,274 \$ 43 | | 18 | 22,365 \$ | | — | — | | 84,639 \$ 43 |
| Salvterra de Magoes | 11 | 2,845 \$ | | 11 | 3,523 \$ | | 13 | 1,551 \$ | | 7,919 \$ |
| Viana do Alentejo | 32 | 4,825 \$ | | 7 | 2,353 \$ | | — | — | | 7,178 \$ |
| Mourão | 109 | 8,743 \$ 40 | | 56 | 7,178 \$ 36 | | — | — | | 15,921 \$ 76 |
| Aljustrel | 19 | 5,105 \$ 50 | | 59 | 21,289 \$ | | 25 | 5,095 \$ 41 | | 34,679 \$ 91 |
| S. Telo | 28 | 3,039 \$ | | 1 | 1,000 \$ | | 3 | 122 \$ | | 4,161 \$ |
| Alcáçovas | 20 | 4,723 \$ 49 | | — | — | | — | — | | 4,723 \$ 49 |
| Castro Verde | 1 | 200 \$ | | 4 | 1,935 \$ | | — | — | | 2,150 \$ |
| Serpa | 104 | 40,518 \$ 69 | | 131 | 58,299 \$ | | 105 | 39,945 \$ 75 | | 138,763 \$ 44 |
| Vila Flor | 15 | 7,915 \$ 70 | | 2 | 2,850 \$ | | — | — | | 10,765 \$ 70 |
| Alcochete | 15 | 2,502 \$ 50 | | 13 | 2,980 \$ | | 6 | 566 \$ | | 6,108 \$ 50 |
| Pernes | 9 | 1,352 \$ | | 15 | 5,272 \$ | | 8 | 2,732 \$ | | 4,859 \$ |
| Alcochete | 12 | 1,444 \$ 75 | | — | — | | 3 | 1,228 \$ 51 | | 2,547 \$ 26 |
| Lourinhã | 7 | 2,060 \$ | | 2 | 600 \$ | | — | — | | 2,660 \$ |
| Alvercinha | 24 | 2,477 \$ 82 | | 26 | 7,608 \$ | | 33 | 3,886 \$ 85 | | 12,722 \$ 67 |
| Eboreense | — | — | | 11 | 26,929 \$ 71 | | 3 | 5,500 \$ | | 26,429 \$ 71 |
| Ourique | 9 | 8,270 \$ | | 7 | 930 \$ | | — | — | | 24,720 \$ |
| Molta do Ribatejo | — | — | | 26 | 9,521 \$ | | 8 | 2,700 \$ | | 12,221 \$ |
| Aldeia Galega do Ribatejo | 15 | 2,253 \$ | | 4 | 930 \$ | | — | — | | 4,183 \$ |
| Ferreira do Alentejo | 10 | 12,520 \$ | | — | — | | 2 | 900 \$ | | 12,520 \$ |
| Panicle | — | — | | — | — | | — | — | | 1,250 \$ |
| Reguengos | 8 | 3,545 \$ | | — | — | | 4 | 1,250 \$ | | 3,545 \$ |
| Vila Nova de Fátima | 5 | 600 \$ | | — | — | | — | — | | 600 \$ |
| Cartaxo | 9 | 240 \$ | | — | — | | — | — | | 240 \$ |
| | 632 | 184,530 \$ 28 | | 623 | 214,702 \$ 07 | | 315 | 81,797 \$ 52 | | 478,998 \$ 87 |
| | | 922,631.40 | | | 1,038,810.35 | | | 108,087.60 | | 2,890,449.35 |

The loans are most frequently made for periods of 3 months, 6 months or a year; about 34 % of the total loans are made for one year.

The following table shows that, conformably with the law of 1911, granting loans it is attempted to give the preference to small farmer. We see in fact that 65.30 % of the loans are for amounts of from 25 to 1,250 francs, 29.48 % for amounts of from 1,255 to 5,000 frs. and only 5.22 % for amounts of from 5,005 to 35,000 frs.

TABLE IV. — *Distribution of Loans Granted by the Banks out of the State Funds according to their Importance.*

| Amount | | Loans Granted |
|--------|----------------------------------|------------------|
| Up to | 5 \$ | 3 |
| From | 5 \$ 01 to 10 \$ | 14 |
| " | 10 \$ 01 " 20 \$ | 42 |
| " | 20 \$ 01 " 30 \$ | 7 |
| " | 30 \$ 01 " 40 \$ | 40 |
| " | 40 \$ 01 " 50 \$ | 121 |
| " | 50 \$ 01 " 60 \$ | 53 |
| " | 60 \$ 01 " 70 \$ | 16 |
| " | 70 \$ 01 " 80 \$ | 23 |
| " | 80 \$ 01 " 90 \$ | 26 |
| " | 90 \$ 01 " 100 \$ | 103 |
| " | 100 \$ 01 " 250 \$ | 222 |
| " | 250 \$ 01 " 500 \$ | 230 |
| " | 500 \$ 01 " 750 \$ | 53 |
| " | 750 \$ 01 " 1,000 \$ | 56 |
| " | 1,000 \$ 01 " 1,500 \$ | 26 |
| " | 1,500 \$ 01 " 2,000 \$ | 16 |
| " | 2,000 \$ 01 " 2,500 \$ | 6 |
| " | 2,500 \$ 01 " 3,000 \$ | 3 |
| " | 3,000 \$ 01 " 3,500 \$ | 1 |
| " | 3,500 \$ 01 " 4,000 \$ | 2 |
| " | 4,000 \$ 01 " 4,500 \$ | 1 |
| " | 4,500 \$ 01 " 5,000 \$ | 1 |
| " | 5,000 \$ 01 " 5,500 \$ | |
| " | 5,500 \$ 01 " 6,000 \$ | 1 |
| " | 6,000 \$ 01 " 7,000 \$ | 1 |

1:150 100.

Let us finally say that most of the loans are required for purchase of manure and livestock and payment of labourers; the fewest are for purchase of agricultural machinery and transport material. In regard to the propaganda carried on by the Agricultural Credit Commission and its efforts to improve the organization of credit more and more, we refer our reader to what has already been said on the subject on previous occasions (1). Let us only add that to the action of the Commission and of the Banks in recent times the following results are due: the lowering of the rate of interest on loans made between private individuals, the rate for such loans being now equal to the maximum amount asked by the banks, that is 5 %; the facilitation of business and the higher price of produce; the development of crops and the appreciable improvement in the methods of cultivation.

§ 2. THE NEW LAW OF JUNE 30th., 1914.

We have already said that the practical application of the provisions of the 1911 Decree encountered certain difficulties, some due to agricultural conditions and others to defects in the law itself (2).

And, in order to remove the latter, the authorities proposed to publish new provisions, which, without departing from the general principles of the Decree, would remedy its defects. Accepting the suggestions of the Agricultural Credit Commission, based on experience, the Parliament passed a law for the reorganization of agricultural credit, on June 30th., 1914 (No. 215), which, when all is said, only reproduces the provisions of the 1911 Decree, with slight amendments, amplifying them or correcting them according to circumstances.

If we examine these amendments, we see first of all that the new law, in specifying the various objects which the agricultural credit operations may serve, adds to those included in the Decree, (a) the purchase of thoroughbred horned cattle and all substances for the prevention of diseases of horned cattle or for combating such diseases; (b) redemption of *foros* (emphyteuses) on cultivated holdings; (c) payment of mortgage debts the interest on which exceeds 6 % and which are less than 5,000 frs. in amount; (d) discounting of warrants issued on agricultural produce deposited in the general warehouses. These are, as we see, slight amendments extending the sphere of action of agricultural credit.

In regard to the organization and working of the agricultural mutual credit banks, the new law adds to the two types of limited and unlimited liability a third, of mixed banks, in which the joint and several liability of some members is unlimited and that of others limited.

The considerations on which the bill laid before Parliament was based practically recognised the necessity of introducing this new type of bank

(1) See the number of this Bulletin for October, 1913, p. 64.

(2) See the number of our Bulletin above referred to.

so that the poor workmen, by means of certain contributions from the richer, may obtain a credit they could hardly expect to on the total amount of the small values of their holdings. Unlimited joint and several liability at first was preferred by the rural classes, but it is no less certain that, by allowing the more hesitating to limit their liability, a larger number of members can be obtained and the benefits of the legislative provisions may have more extensive application.

An important provision of the new law is that any one who becomes a member of more than one unlimited mutual agricultural credit bank can be prosecuted for fraud.

Experience has shown that peasants have not always the time necessary to perform the duties of treasurers and accountants with assiduity so the new law establishes that this work may be done by persons not belonging to the banks, under conditions laid down in the rules. As we see, the clause to this effect is permissive.

But the most important amendments introduced by the new law are those extending the benefits it offers to holdings burdened in certain ways. In fact, in virtue of articles 27 and 37 of the Decree of 1911, the limited liability banks could only obtain funds from the State for the amount of their share capital and 50 % of the value of the freehold urban and rural land of all their members, free of mortgage; and, on his side, no member could borrow from the bank to which he belonged an amount of more than 50 % of the value of his land serving as mortgage security, the land offered as security or the revenue engaged, nor than 25 % of the freehold land possessed by himself, his surety or sureties. Now these limitations led in practice to serious difficulties in the application of the law, as most of the rural holdings are held in emphyteusis and subject to the charges connected therewith.

The public authorities, taking into account these difficulties which diminished the credit of the banks and their members to an extraordinary degree, omitted the above limitations from the new law, contenting themselves only with requiring that the holdings should not be mortgaged.

So that the holdings subject to other charges may enjoy the benefits of the law. Thus, articles 32 and 42 of the new law provide that the value of the land be fixed as indicated, *after deduction of the total amount of the charges burdening it.*

Another important amendment introduced into the law related to the period of the loans. According to the 1911 Decree, this period might not exceed one year and the loan was at most renewable for another year. As we see, this term, which was too short, did not allow of farm improvements being carried out, in spite of these being included among the objects of the agricultural credit operations in the Decree. For this reason, the new law provides, that, together with the ordinary loans for one year, renewable for another year, others might be granted for a maximum term of 15 years and not renewable, if intended for payment of the mortgage debts at a rate of more than 6 % mentioned at the beginning of this section, for the work of farm improvement and, in case of the loans being

granted to agricultural associations, when they are for purposes of purchase, the maintenance and working of rural technical institutes, warehouses, transport material etc.

It was found that the inspections to which all the banks are subject at least once in three months, according to the provisions of the 1911 Decree, could not be made with all the attention and strictness necessary, as too heavy expenditure was entailed. The new law has also brought a remedy here, entrusting the periodical inspections to the delegates for agriculture, forestry and the health of cattle in each locality, dependent on the General Department of Agriculture. So that the service has been appreciably improved, with no increase of expense.

We may say that the changes introduced by the new law in no way essentially affect the *Celleiros* and the relations of the Agricultural Credit Commission with the Portuguese Economic Banks.

The other alterations introduced by it into the organization of agricultural credit in Portugal are really hardly more than formal or refer to the interior organization of the credit institutions without essentially changing it.

We have only to add that the law presented in Parliament on June 2nd., 1914 and passed as we have seen on the 30th. of the same month, contained a whole chapter on the organization of labourers' old age and disablement pensions on the basis of mutuality, but this chapter was suppressed as, during the discussion, the Chambers decided that the matter had not as yet been sufficiently studied in the country to allow of the problem being dealt with in the most satisfactory way, but the public authorities were urgently recommended to study the matter attentively in order to solve it as rapidly as possible.

UNION OF SOUTH AFRICA.

THE LAND AND AGRICULTURAL BANK IN 1913.

In a previous article in this *Bulletin* (1) we described the constitution and chief objects of the Land and Agricultural Bank of South Africa and gave a summarised account of its transactions from October 1st, 1912 — the date of the foundation of the Bank — up to December 31st of that year. We explained that the Bank is intended to provide "*bona fide* and deserving applicants with funds at a cheap rate, repayable in instalments over an extended period," — such funds to be used for the purchase of land, or for stocking and effecting permanent improvements upon the applicant's holdings.

In this article we shall bring our account of the Bank's transaction down to December 31st, 1913.

§ 1. THE BANK'S FINANCIAL POSITION.

The second Annual Report shows that the demand for the services offered by the Bank during the year 1913 far exceeded all calculations; so much so indeed, that the funds placed at the disposal of the Central Board proved quite inadequate to meet the legitimate demands for credit, and the Board could only continue to make advances after securing a large overdraft from its bankers. In December, 1912, the Board estimated the Bank's requirements for the financial year 1913-14 at £800,000. At the end of May, 1913 however, it became evident that the advances would have to be considerably curtailed unless additional funds could be obtained. The Board endeavoured to cut down the number of applications by issuing stricter regulations, as to the purposes for which advances would be granted, but notwithstanding this the number of legitimate applications steadily increased. The Government made a grant of £25,000 from the Contingencies Fund and at the same time the Board decided to limit advances to amounts not exceed-

(1) See the *Bulletin* for October, 1914, at page 78.

£ 500 and to raise an overdraft of £ 240,000. Of this overdraft, only out £ 60,000 had been drawn on December 31st, 1913. The Board estimated that to meet its obligations for the year ending March 31st, 1914, would require a further vote of £ 439,287, and that to administer the provisions of the Land Bank Act in a thoroughly adequate manner in the coming year, ending March, 1915, a sum of £ 1,435,000 would be required. During the latter year, individual advances were limited to £ 1,000, the amount required would be £ 985,000; and if limited to £ 500, the amount would be £ 735,000. The Board is very desirous that the operations should continue to be limited to advances not exceeding £ 500, and in its annual Report goes so far as to say that if this limitation be imposed the object of the Bank, which is the improvement of the agricultural population, will be defeated. With regard to the amount asked for, the Board writes as follows: "At first sight the amount of £1,435,000 asked would seem large, but it must be borne in mind that it is only during the early years of the Bank's existence that Parliament will be asked to provide so much, for, as time goes on, advances become repayable instalments and are available for reinvestment."

The transactions of the Bank during the year and the financial position on December 31st, 1913, are shown in the two following tables:

TABLE 1. — *Statement of Receipts and Payments, January 1st to December 31st, 1913.*

| Receipts | | | | Payments | | | |
|--|-------------|----|----|--|-------------|----|---|
| | £ | s | d | | £ | s | d |
| Balance in Hand on January 1st, 1913 . . . | 4,895 | 5 | 8 | Advances to Mortgagors | 1,530,000 | 0 | |
| Department of Finance on Account Capital . . . | 1,025,000 | 0 | 0 | Advances for Fencing . . | 81,679 | 2 | |
| Repayments by Mortgagors | 430,713 | 3 | 4 | Advances for Dipping Tanks | 60,083 | 2 | |
| Repayments on Account of Promissory Notes . . | 15,600 | 6 | 5 | Advances to Co-operative Societies | 97,347 | 13 | |
| Repayments on Account of Fencing Loans . . | 29,597 | 2 | 1 | Application Fees: Refunds | 603 | 10 | |
| Repayments on Account of Dipping Tank Loans | 2,468 | 7 | 5 | Valuators' Fees | 5,856 | 17 | |
| Repayments by Co-operative Societies . . . | 44,040 | 16 | 9 | Recoveries paid Agricultural Department . . | 153 | 18 | |
| Interest Received . . . | 146,755 | 12 | 0 | Interest Paid to Treasury | 26,383 | 6 | |
| Application Fees | 4,043 | 16 | 0 | Charges (including Rent and Salaries) | 29,172 | 13 | |
| Valuator's Fees | 5,435 | 9 | 0 | Furniture and Fittings | 589 | 3 | |
| Bond Fees | 6,571 | 17 | 7 | Warrant Vouchers unpaid at December 31st, 1912 | 5,661 | 11 | |
| Commission on Guarantees and Recoveries | 1,139 | 7 | 11 | Sundries | 4,023 | 17 | |
| Fixed Deposits | 10,000 | 0 | 0 | Cash at Bankers and on Hand | 30 | 1 | |
| Recoveries | 48,059 | 19 | 5 | | | | |
| Sundries | 1,137 | 0 | 0 | | | | |
| Overdraft at Bankers . . | 59,296 | 15 | 8 | | | | |
| Unpaid Warrant Vouchers | 6,802 | 2 | 10 | | | | |
| | | | | | | | |
| | £ 1,842,557 | 2 | 1 | | £ 1,842,557 | | |

TABLE II. — *Statement of Liabilities and Assets as at December 31st, 1913.*

| Liabilities | | | | Assets | | | |
|--|-------------|----|----|---|-------------|----|----|
| | £ | s | d | | £ | s | d |
| Department of Finance: | | | | Advances on Mortgage . | 3,414,824 | 5 | 9 |
| Capital | 3,785,354 | 15 | 2 | Advances for Fencing . | 239,287 | 14 | 6 |
| Interest Due | 98,959 | 5 | 2 | Advances for Dipping Tanks | 60,806 | 11 | 9 |
| Reserve Fund | 118,343 | 12 | 2 | Advances on Promissory Notes | 85,991 | 5 | 8 |
| Agricultural Department | 20,867 | 1 | 6 | Advances to Co-operative Societies | 200,273 | 7 | 7 |
| Sundry Creditors | 27,650 | 4 | 4 | Loans and Advances Recoverable by Bank | 300,441 | 1 | 9 |
| Part Due Interest . . . | 13,751 | 0 | 9 | Sundry Debtors | 11,177 | 18 | 6 |
| Part Due Instalments . | 2,274 | 2 | 3 | Interest Adjustment Account | 11,185 | 8 | 4 |
| Interest Received . . . | 18,189 | 5 | 10 | Interest Accrued but not Due | 50,537 | 13 | 11 |
| Deposits | 2,356 | 13 | 2 | Bank Property | 1,943 | 17 | 0 |
| Recoveries Suspense Account | 588 | 11 | 2 | Bank Premises | 82 | 8 | 0 |
| Valuators' Fees | 797 | 1 | 0 | Furniture and Fittings | 1,102 | 9 | 2 |
| Application Fees | 144 | 15 | 0 | Stamp Account | 25 | 2 | 11 |
| Government - <i>Per Contra</i> | 300,441 | 1 | 9 | Bills Receivable | 173 | 4 | 0 |
| Bills for Collection . . . | 173 | 4 | 0 | Standard Bank of South Africa (Current Account) | 13 | 11 | 9 |
| Warrant Vouchers Payable | 6,802 | 2 | 10 | Natal Bank (Current Account) | 20 | 7 | 0 |
| National Bank of South Africa: Overdraft . . | 59,296 | 15 | 8 | Cash on Hand | 3 | 1 | 2 |
| | | | | | | | |
| | £ 4,155,989 | 11 | 9 | | £ 4,155,989 | 11 | 9 |

On December 31st, 1913, the Bank had a Reserve Fund of £ 118,34 12s 2d as against £ 88,160 14s 11d at the end of 1912. On the year working there was a Net Profit of £ 30,393 14s 3d.

§ 2. ADVANCES MADE DURING 1913.

The Bank is authorised to make advances (usually upon first mortgage to *bona fide* applicants who intend to devote such advances to the purchase of land or the development of their holdings. These are the ordinary advances made by the Bank and are repayable in 30 years in half-year instalments. In addition, the Bank makes advances for the erection of dividing fences and for the construction of dipping tanks, and to approve co-operative societies.

Tables III and IV, which follow, show the particulars relating to the ordinary advances made during the year.

TABLE III. — *Advances under Act 18 of 1912, January 1st to December 31st, 1913.*

| Area | Number | Total Amount | Average Amount | Value of Security |
|-----------------------------|--------|--------------|----------------|-------------------|
| | | £ | £ | £ |
| Transvaal | 1,425 | 539,115 | 378 | 1,161,329 |
| Orange Free State | 622 | 499,955 | 802 | 1,154,605 |
| Natal | 193 | 154,015 | 798 | 378,000 |
| Cape Eastern,) | 396 | 336,975 | 851 | 720,736 |
| Cape Western) | | | | |
| Total | 2,636 | 1,530,060 | 584 | 3,418,670 |

TABLE IV. — *Purposes for which Advances were made.*

| Area | Improve- ments | Purchase of Stock | Discharge of Existing Liabilities | Sub- division | Establish- ment of Agri- cultural and Rural Indust- ries | Purchase of Land | Total |
|------------------------|-------------------|-------------------------|--|------------------|---|------------------------|-----------|
| | £ | £ | £ | £ | £ | £ | £ |
| Natal | 85,673 | 63,820 | 160,388 | 215 | — | 229,019 | 539,115 |
| Orange Free State . . | 53,570 | 25,408 | 235,755 | — | 150 | 185,072 | 499,855 |
| Catal | 21,794 | 16,448 | 83,788 | — | — | 32,075 | 154,015 |
| Cape Eastern } | 55,323 | 19,659 | 182,187 | — | — | 79,806 | 336,975 |
| Cape Western } | | | | | | | |
| Total | 216,270 | 125,335 | 662,118 | — | — | 525,972 | 1,530,660 |

During the year under review, 470 applications, amounting to £44,061, were received for dipping tank advances, and of this amount, £39,746 was granted though not paid out in full, such loans being as a rule paid out in instalments as sections of the work are completed to the satisfaction of the Board. Under the provisions of the Dipping Tanks Act, 1911, a sum of £20,500 was paid to the Native Affairs Department in respect of tanks constructed in native areas.

The number of applications received for fencing advances was 906, for a total of £132,998. The amount actually granted was £102,195.

Advances were granted during the year to three co-operative societies for a total amount of £55,000. Applications were received from other six societies, but owing to the shortage of funds these were held over and at the end of the year were still pending. Although only three societies received advances from the Land Bank, the Board devoted a good deal of attention during the year to the affairs of the societies. In pre-Union days many of the societies had received financial assistance from Government upon the most lavish scale and, as a natural result, had conducted business with incredible recklessness. Some of them got into hopeless difficulties and had to be wound up, while others were able to continue only after Government had voluntarily written off large sums which had been advanced to them (1). The Board has to endeavour to eliminate the

(1) In this connection see the article by Mr A. E. Marks in the *Bulletin* for September, 1914, at page 17.

abuses which had developed in the working of the societies in these early years and at the same time provide the societies with funds for conducting their legitimate business. The position of the Bank is certainly not an enviable one. If, in attempting to introduce reforms in the administration of the societies, it avails itself of the powers it possesses, and calls a large number of the loans, it may precipitate a crisis in the co-operative movement, while, on the other hand, if it is to lend at all it must be able to exercise some control over the institutions to which it lends. With a view to avoiding friction by regulating its relations with the co-operative societies, the Board, in the year under review, framed certain conditions upon which it was prepared to make advances to them. These conditions do not go beyond the provisions of the existing law upon the subject; they merely emphasise some of the provisions which in the past have been very largely overlooked. They are as follows:

Advances will be made to Co-operative Societies:

1. To erect buildings and to purchase
 - (a) Immovable property;
 - (b) Agricultural machinery to be worked on behalf of members;
 - (c) Breeding stock to be controlled and used on behalf of members;
 - (d) Plant, office furniture and other equipment.
2. To make advances to members against produce, actually delivered to a society in good order and condition, and carefully graded.
3. (a) To purchase grain bags, agricultural implements, seeds and farming requisites to be supplied to members; and,
 - (b) For any other of the objects which a society may lawfully pursue.

Advances referred to in section 1, (a) to (d), shall be repayable with all interest and charges thereon within such period, not exceeding ten years as may be prescribed by the Central Board.

Advances under sections 2 and 3 will be made upon a cash credit account and shall be subject to repayment on demand. When the produce upon the security of which an advance has been made is sold, the proceeds must be paid into the Land Bank.

The above conditions were made known to all co-operative societies and as there was a general wish to discuss the proposals a meeting was convened between representatives of the societies and members of the Board. At this meeting, held in Pretoria in October, 1913, it was resolved that in future all advances should be made under the conditions proposed. The representatives of the societies had come to the meeting with the intention of opposing the Board's proposals on the ground that they constituted an undue interference in the domestic affairs of the societies, but apparently they became convinced upon a careful examination that the conditions imposed were reasonable.

The Bank has certain powers of inspection over co-operative societies, and from time to time examines the books of a society in order to determine whether proper and economical use is being made of funds advanced to the society. The Co-operative Division also has power to inspect societies, its examinations being more in the nature of advisory audits. The Board expressed the opinion that it would be advisable to come to some working arrangement between the Bank and the Co-operative Department in order to avoid overlapping and possible friction, and with a view to improving the working of societies generally.

Part IV: Miscellaneous

BELGIUM.

REFORM OF THE LAW IN REGARD TO CONTRACTS OF LEASE OF RURAL HOLDINGS IN BELGIUM.

SOURCES :

VAN DIEVOERT (Emile): *Le bail à ferme en Belgique. Le droit écrit et la coutume. Le fait économique. Les réformes nécessaires.* (*Farm Leases in Belgium. Written Law and Custom. The Economic Position. The Necessary Reforms.*) With preface by E. Vlielbergh, Professor at the University of Louvain, Member of the Superior Council of Agriculture. Louvain, Printing Office, C. Peeters, 1913.

DEYSE (M. A.): *La réforme du régime légal des baux à fermes.* (*Reform of the Law on Contracts of Lease of Rural Land*). Conference held under the Auspices of the Association of Engineers belonging to the State Agricultural Institute, during the Belgian "Agricultural Week," 1914. From "Annales de Gembloux," no. 4, April 1st., 1914.

DESOT (Georges): (*Reform of Contracts for the Lease of Rural Land*). Discourse delivered at a Sitting of the Provincial Council of Namur, July 10th., 1914. Published in the "Journal des Sociétés Agricoles du Brabant et du Hainaut." Ghent, no. 32, August 8th., 1914.

There is perhaps no question which has caused so much excitement in Belgium of late years amongst persons interested in agriculture as that of the reform in regard to contracts for the lease of farms. The regulations on the subject in the Belgian Civil Code date from as far back as 1804, but these are no longer adapted to the present economic and social conditions of the country. During the last thirty years a very important change in agricultural affairs has been evolved chiefly by the constantly increasing application of chemical principles and agricultural machinery; but the laws have remained stationary and the regulations for landlord and tenant in the letting of land bear the impress of a past era. They contain clauses often out of date, and sometimes vexatious, such as those which restrict the liberty of the tenant in the cultivation and improvement of his holding, threaten the fixity of his tenure and exclude or reduce the security of his working capital. For instance, the following: "The tenant may not carry on any trade nor engage in any undertaking unconnected with his farm, without the permission of the proprietor. He cannot grow more than two crops of beet in nine years of lease under pain of immediate cancellation of his contract. He must pay for the trans-

port of the materials needed for the repair of the farm buildings, and feed the workmen. He must use on the farm all of the hay, cattle food or straw produced on it under pain of a fine for every quintal removed. He must also engage to pay all taxes indiscriminately and to "afford" all his claims for compensation etc. to be valued at the end of his contract by a third person selected exclusively by the proprietor." In some contracts there is also the following clause; "On the slightest failure to observe the contract the proprietor has the right to ask for denunciation of it, without formal procedure, but by simple summons presented at any time whatever by the officer and at the expense of the tenant."

Such being the legal state of things, and considering the importance of contracts in the lease of rural land in Belgium, where at least two thirds of the soil is leased (1), there has arisen in later times among the farm managers an important movement in favour of legislative reform. Various projects have been presented to Parliament which we shall now consider, but not without briefly indicating the principal regulations both legal and sanctioned by custom at present in use.

§ 1. CHIEF LEGAL REGULATIONS AND CUSTOMS OBTAINING.

First of all we must refer to the duties imposed by the Code on every tenant without distinction. They may be reduced substantially to the following; (a) to use the property leased as a good father of a family according to the object assigned to it in the contract, or, in absence of any agreement, according to the presumptive agreement, varying with the circumstances; (b) to pay the landlord the rent at the time agreed upon, or, in the absence of such agreement at the time fixed by local custom; (c) to carry out repairs agreed on and to permit the landlord to make urgent repairs; (d) at the end of the period fixed to give up the property leased to the owner in the same condition as received, if there was a description of it made; if such description has not been made, it is to be presumed, there being no proof to the contrary, that the tenant had received it in a good state and in such he must leave it; (e) to be responsible for eventual damage and loss except such as may be proved to have occurred without his fault, such as damage caused by fire when he can show that it occurred by accident or circumstances beyond his control; (f) and to inform the landlord of any trespassing on the property.

In the case of rural land, the Code imposes on the tenant certain duties deriving from the nature of the farm itself. This he must furnish with livestock and the implements necessary for its cultivation; he must store the crops in places agreed upon in the contract so as

(1) On this subject recent details are wanting, the most recent official data being the results of the general agricultural census of 1895. In that year in a cultivated area of 2,607,514 hectares, 1,287,155 or 49 % were worked directly by their proprietors and 1,320,359 or 51 % by tenants.

it to nullify the right granted by the law to the landlord of taking possession of these crops in case the tenant fails to pay his rent or causes damage to the property. Besides, at the termination of the contract the out-going tenant must leave to the tenant succeeding him the necessary buildings and other conveniences for the work of the following year, also the straw, litter, and manure of the current year, if he has received such on his entering on the tenancy, but, if he has not, the proprietor may retain them at their estimated value so as to secure good cultivation of the land.

In addition to all these obligations, the civil law requires of the tenant those (already referred to) in the clauses of the contracts which vary in each case and against which on account of their unreasonableness and want of equity, a violent opposition now exists. Such, for instance, are all those clauses framed with a view to prevent exhaustion of the soil, which restrict the liberty of the farmer to an exaggerated extent, imposing upon him a special system of rotation of crops, forcing him to let his land lie fallow periodically for a certain time, to abstain from the cultivation of certain crops, hindering him from selling straw, litter or cattle food, if he has more than the needs of his holding require and minutely regulating the number of times he must manure the land, the quality of the manure and the methods employed. These obligations, contrary to the teachings of modern science and practical agriculture, are often enforced by arbitrary contracts causing useless annoyance to the farmer and damage to the farm. Law is called for that, in the interests of economy and with due precautions, will allow greater liberty of action to tenants.

Of a different nature from the foregoing, but not less oppressive, are those clauses which compel the tenant to pay all taxes present and future, and to carry out and permit the carrying out, without right of compensation, of important repairs even if they deprive him for a long time of the use of his holding. He is obliged to allow the planting of all trees on the land for the exclusive benefit of the landlord and to take care of them for him etc.

On his side the landlord is obliged; (a) to deliver the holding in good repair to the tenant, (b) to maintain it in a manner suitable to the use for which it has been let, and during the lease to make all necessary repairs except those of a trifling nature to be made by the tenant; (c) to secure the peaceful occupation of the farm to the tenant for the time of the contract, to guarantee him against defects which may diminish its value and to protect him from any infringement of his rights through the action of other persons; (d) and not to change the form of the place let during the tenant's occupation.

Corresponding with the duties of the proprietor, the tenant of a rural holding, in accordance with the Belgian Code, and contrary to the provisions of all other Codes, has a right, in cases of annual contract, to a diminution from payment of a proportional part of the rent, if the total or even the half of a crop is lost by accident before the harvest, whilst the tenant for several years has a right to a similar reduction for losses suf-

ferred in former harvests, if it be proved that he was not compensated for them. Such a benefit ceases if the tenant is bound by any special agreement in cases of accident.

The question of the duration of a contract is one of special interest. It is necessary to consider the difference between written and verbal agreements. The first have in general a duration of nine consecutive years, or of three, six and nine years. In the provinces of West Flanders, Hainault, and Namur, nine-years' contracts prevail, in Limbourg three years' and six years' contracts, while in the provinces of Liège and Luxembourg both systems are almost equally in use.

There are however many verbal contracts, landlord and tenant coming to an understanding about the place and the price and leaving the duration of the agreement and all other considerations to be settled according to the laws and customs. In such cases, art. 1,774 of the Civil Code applies, to the effect that "In case there is no written contract, the lease of a rural holding lasts for the time necessary for the tenant to receive all the fruits of the soil. In the case of a field, a vineyard or any other piece of land of which the product is yielded within a year, the lease holds goods for a year. In the case, however, of land subjected to a rotation of crops, the time is stipulated for the entire rotation."

But in reality in the greater number of verbal contracts the regulations above quoted are superseded by local custom, which in general fixes the duration of the lease according to the district; one year for Antwerp, Flanders etc., or three for Brabant, Limbourg etc.

The Belgian Civil Code contains another article which has been much criticised and largely discussed, viz. Art. 1,775, which provides that a lease of rural land, whether written or verbal, terminates at the expiration of the term for which it is made or held to be made, without need of previous notice. The absence of any legal obligation on the part of the landlord to give due notice to the tenant is considered to be a hindrance to proper cultivation of the land, besides being contrary to equity, making the position of tenants extremely precarious and uncertain. But of late definite proposals for the reform of the Code on this point have not been wanting. Before examining these proposals, however, it is necessary to pause and consider briefly an old question of paramount importance in all countries where, as in Belgium, leases of rural holdings are common. This question which is that of the compensation due from the landlord to the tenant for improvements, is still in a large number of countries awaiting an equitable legislative solution.

§ 2. THE QUESTION OF COMPENSATION TO BE PAID BY THE LANDLORD TO THE TENANT FOR IMPROVEMENTS.

The question of compensation claimed by the tenant for improvements made by him in his holding whether affecting the value of the land or the character of the farm may be said to have a history of its own. For the

last half century it has been the subject of study and discussion and numerous bills on the subject have been drafted in almost every country. But, except in Great Britain, this question has not yet received a legal solution. The Belgian Code did not formally solve it, because, as has been shown, it limited itself to regulating the handing over of the year's straw and manure to the incoming tenant. However, legal decisions have fortunately to a certain extent supplied the deficiency by recognising in most cases the right of the outgoing tenant to compensation for improvements made on the farm. This right was acknowledged by custom before the law took cognisance of it.

The right called the *droit de prisée* prevailing in Flanders is especially interesting and characteristic. It is the obligation imposed by custom on the incoming tenant, or, in default of him, on the proprietor, to pay to the outgoing tenant the value of the straw, litter and manure on the farm, as well as of the manure already on the ground, and of the crops under cultivation. In some parts of Flanders this obligation is more widely extended, applying also to certain improvements of the property.

The current expression *droit de prisée* (prijsij, prijs) is derived from the examination made in order to determine the quantity and the value of the unconsumed manure remaining on the farm, and of the crops and improvements handed over to the new tenant.

In East Flanders the *droit de prisée* gives the outgoing tenant a right to compensation not only for the manuring done by him, but also for the growing woods, for the keeping in repair of stables and out-buildings, for making ditches and quickset hedges, and for certain improvements on the property.

If meadows have been formed, he is sometimes entitled to special compensation.

To obtain this compensation the tenant is not obliged to bring any proof. Custom is law. The fact that manuring, repairing etc. have been efficiently done gives him a right to compensation. Should the proprietor seek to avoid payment, he must prove that the outgoing tenant on taking possession received the manure gratis or that he pledged himself to claim nothing on leaving the farm. Otherwise custom would support the assumption that he paid for all on taking possession.

On the other hand, should the land be in bad condition, the proprietor may claim exemption from payment; if the land is overgrown with weeds, compensation may be refused or reduced. To determine the amount to be paid, an estimate must be made by one or two experts appointed by the outgoing and incoming tenants, respectively and at their expense: should the experts not agree, they or the parties concerned must appeal to a justice of the peace to appoint a third expert, both parties promising to abide by his decision, whatever it may be.

Thus disputes are settled without great expense and without legal proceedings.

The amount of compensation varies according to the value of the last

crop, the value of the manuring done, the state of the land and the appearance of the growing crops.

* To fix the quantity and the value of the manures used every kind of proof may be brought forward, including the evidence of witnesses, and the outgoing tenant may be questioned and required to show receipts from the dealers in manures. But the experts generally proceed according to the usual average price.

According to some customs the outgoing tenant loses the right to compensation if he manures the ground after receiving notice to quit, unless he calls upon the proprietor or the incoming tenant to check the quantity and the value of the manure used.

The proprietor should pay the compensation, but it is more usually paid by the incoming tenant. Sometimes the proprietor requires the payment to himself of money due to the outgoing tenant as a guarantee for debts not yet discharged.

The system above described has hitherto been productive of good results. In particular it has been proved that the more accurate the valuation made by the experts is, the fewer are the complaints about the exhaustion of the soil at the expiration of the contract. But unfortunately the experts are not always competent or honest.

In the greater part of West Flanders a similar right prevails, with some differences in detail. In the provinces of Antwerp, Limbourg, Liège and Namur compensation for manuring done is almost unknown, but in Brabant, in the district round Brussels, it prevails generally. In Luxembourg it is rare, though advocated also there as a means of securing careful cultivation.

Lastly, as regards land improvement it must be remembered that the right of the tenant to build and plant is limited by the law which obliges him to cultivate the land according to its original destination. With this reservation, he may carry out on his farm any works which he may consider necessary for its improvement and for increasing its value. Authorities on the subject are agreed in acknowledging the right of the proprietor to destroy such buildings and plantations at the expiration of the contract, if he has no use for them. But if he chooses to keep them he must pay the tenant adequate compensation, fixed in some cases according to the cost of labour and the value of the materials, in others according to the increased value of the land, unless the question is dealt with in a clause in the contract. By some contracts the landlord is proprietor of buildings or plantations made by the tenant who has only a precarious ownership of them. By others every innovation of the kind is forbidden, and if made by the tenant he would not only lose all right in them, but the contract would be broken and he would be obliged to pay damages and interest.

It need hardly be said that as regards compensation for improvements the Belgians are desirous of more liberal enactments in accordance with the principles of the laws passed between 1851 and 1908 regulating the relations between landlords and tenants of rural land in England and Wales (Agricultural Holdings Acts.).

§ 3. SOME BILLS FOR THE REFORM OF LEGISLATION ON CONTRACTS OF LEASE OF RURAL HOLDINGS.

Many have been the proposals formulated and discussed by agricultural societies, economists and political men with a view to the modification of certain provisions of the Code, considered inimical to the well understood interests of both landlords and tenants of rural land, and numerous bills, chiefly regarding the duration and the publication of contracts, have been brought before the Chamber during recent sessions.

With regard to the duration of contracts without limits agreed upon, the Janson bill of July 14th., 1909 fixing them at three years must not be forgotten. The Van Ormelingen bill, also fixing a three years' limit, was presented to the Chamber on November 19th., 1912. As we have seen, in practice the usual duration of verbal leases is in Belgium one year, a period absolutely insufficient and inadequate that the tenant cannot devote himself with zeal and care to the cultivation of his farm nor spend upon it any considerable sum. The proposed three years' duration is certainly not an ideal solution of the problem; it only seeks to guarantee the tenant a minimum of fixity of tenure, placing him in a position to occupy his holding as a good father of a family and to restore it in good condition at the expiration of the contract.

The Commission for the revision of the Civil Code (Crahay's Report), the Superior Council of Agriculture, the greater number of the provincial agricultural societies, the Belgian *Boerenbond* in its general meeting on May 31st., 1909, and the Central Society of Agriculture in 1911, have all pronounced in favour of the three years' limit.

Another important point to be decided, to which many bills have been devoted, is that of the right of the tenant to notice to quit on expiry of the contract. As has been shown there is no legal obligation to give due notice to the tenant, so that he is thus completely at the mercy of the landlord who may, when he chooses, turn him out without warning, or merely for a caprice. This situation is insupportable for the tenants, who may be ruined by being turned out at a time when there are few farms to be let. To this must be added the injury to the cultivation of the land.

As a remedy, M. A. Mechelynck brought before Parliament, in the session of November 19th., 1912, a bill which providing that the tenant of rural property by written or verbal agreement should be secure from being turned out except at the time fixed by local customs for the expiration of the contract, after a year's notice given, unless a clause to the contrary exists in his contract.

A month after this bill was proposed, it was provided in the Ormelingen bill above quoted that in the case of verbal contracts neither party could terminate the agreement without a year's notice given previous to the expiration of the three years, otherwise a new contract for three years must be made.

More recently, on January 28th., 1914, M. L. Jourez brought before the Chamber a bill to the following effect: "If in any lease of any rural holding for a given time it is provided that the landlord alone has the power of terminating it at fixed periods previously established, the tenant shall also possess the same right as the landlord and on the same conditions any stipulation to the contrary being null and void."

These bills and others, which for the sake of brevity must be omitted as well as the considerations explained above are sufficient to give an idea of the urgency of the needed reform and of the importance of the question on the right solution of which depends the welfare of cultivators of the land to the number of over 400,000, according to reliable calculations, all interested in having rational legislation on the subject of contract regarding rural holdings.

DENMARK.

LATEST REFORMS IN THE MATTER OF HOME COLONISATION.

SOURCES :

I refer our readers to the bibliography at the head of the article published in our Bulletin for January, 1914. We shall only add here a few of the most recent publications, for the most part official, dealing with the subject.

LOV OM OPRETTELSE AF HUSMANDSDRUG (*Law on the Constitution of Small State Farms*) No. 127, June 13th., 1914. In *Lovtidende* for 1914 (*Law News for 1914*). No. 19. Copenhagen, June 24th., 1914.

BEKENDT GJØRSEL TIL LOV OM OPRETTELSE AF HUSMANDSDRUG (*Bill for the Constitution of Small State Farms*). In *Lovforslag Ordentl. Samling 1913-14*. (Collection of Bills 1913-14). Copenhagen.

STATISTISK AARBOG (*Statistical Yearbook*), published by the Danish Statistical Department 19th. Year. 1914. Copenhagen ; Gyldendaske Boghandel, Nordisk Forlag 1914.

STATISTISKE EFTERRETNINGER (*Statistical Communications*) for 1914-1915. Published by the Danish Statistical Department, Copenhagen ; Gyldendaske Boghandel, Nordisk Forlag.

ERHVERVET I EGENHEDSFRÅGAN, AFGIVET DEN 14 OKTOBER 1914 UTAF DE AF CHIEFEN FÖR KUNGLEGA JORDBRUKSDEPARTEMENTET TILLKALLADE SÄKKNINGE III. (*Report on the Problem of Small Holdings, Presented on October 14th., 1914, by the Experts' Commission Instituted at the Agricultural Department, Vol. III*). Stockholm, 1914. J. Marcus Boktryckeriet Aktiebolag.

NOT (H. J.) : Die innere Kolonisation in den skandinavischen Ländern (Home Colonisation in Scandinavian Countries). Berlin. Verlagsbuchhandlung Paul Parey.

1. THE LAW OF JUNE 13TH., 1914; ITS MOTIVES AND PRECEDENTS.

Denmark was one of the first countries in Europe in which the idea of home colonisation was undertaken and in which the State made provision for the purpose by the institution of small agricultural holdings. We have already dealt with this matter; we now return to it on account of the reforms introduced in connection with it in a recent date, although they are only the necessary consequence of the tendency which has been more and more insisted on in previous laws on the subject, of recent date.

[1] *Loi om Oprettelse af Husmandsbrug* (Law on the Constitution of Small State Farms) June 13th., 1914.

In fact, the work of the State in the formation of small farms been at different times inspired by different principles. At first, the interest of the large landholders was considered, as urbanism and the disappearance of the class of agricultural labourers attached to the soil was a matter of the labour they required and they saw in the formation of small holdings the best means of keeping agricultural labourers, in the country. In order, however, that they might remain labourers although they were landholders, the farms had to be small and such as to absorb only a part of the activity of the owners and supply only a part of their requirements. The law of March 24th., 1899 (1) on the foundation of holdings for rural labourers was inspired by these ideas.

In later laws, however, especially owing to the influence of democratic currents, principles of an opposite character made their appearance and ended by prevailing. The interest of the large farmers became a secondary matter, in view of the tendency to form an independent class of small farmers, established on their own land and sufficing for their own requirements. In this way, it has already been justly observed what was to serve as a check on the exodus of rural labour was transformed into a work of home occupation. The very titles of the laws show the difference in their contents. The small holding first granted only as a help to the rural labourer became gradually a real farm sufficient for the requirements of a farmer. Thus the professional character of the owner is completely transformed and from a labourer he has now become an independent landowner.

The stages of the transformation are shown in the various laws. In fact, while the law of 1899 fixed 8 ha. as the maximum limit of the "small holding" granted to labourers, the law of 1904 extended this limit to 12 ha. in districts where the soil was inferior. The law of 1909 went further, completely doing away with any limit of the area of the "small farms" and only fixing a maximum amount for the loans for the purpose; a very wise decision from an economic point of view, since at first more consideration was paid to the material fact of the area than to the burden of the purchase price of the land.

The following figures show how the areas of the small farms have increased with the application of each law:

| Small Holdings Formed | 1900/01-1904/05 | 1905/06-1909/10 | 1910-11 |
|---------------------------------------|-----------------|-----------------|---------|
| Area | | | |
| Under 2.21 ha. | 20 % | 6 % | 2 % |
| Between 2.21 ha. and 4.41 ha. | 65 " | 68 " | 64 " |
| Over 4.41 ha. | 15 " | 26 " | 34 " |

Thus we see that holdings of very small area are founded in smaller and smaller numbers, whilst the reverse is the case in respect to larger farms.

(1) *Loi om Tilvejebringelse af Jordlodder for Landarbejdere*, den 24. Marts 1899.

(2) *Loi om Tilvejebringelse af Jordlodder for Landarbejdere*, den 22. April 1904. (Law of April 22nd., 1904 on the Formation of Holdings for Rural Labourers); *Loi om Oprettelse af Husejendomme*, den 30. April 1909. (Law of April 30th., 1909 on the Constitution of Small Farms).

Besides the tendency of the areas of the farms to increase has been so great as to necessitate the raising of the maximum limit fixed for the loans earlier laws; the new laws only giving legal sanction to what was already the practice, as we see below:

| | Maximum Limit of Loans — crs. (1) | Average Value of Holdings Formed — crs. |
|-----------------------|--|--|
| Law of 1899 | 4,000 | 4,021 |
| » » 1904 | 5,000 | 5,317 |
| » » 1909 | 6,500 | 6,672 |

With the years the small State farms have not only become larger but also more numerous. Whilst at first the applications for loans were few and hesitating, in recent years the numbers have continually increased.

TABLE I. — *Progress of the Danish Small State Farms.*

| | Small Farms Formed ² in the Year — | Loans Granted — kr. |
|-------------------|--|---------------------------|
| 1900-01 | 209 | 713,770 |
| 1901-02 | 204 | 860,504 |
| 1902-03 | 367 | 1,278,629 |
| 1903-04 | 551 | 1,945,126 |
| 1904-05 | 485 | 1,732,204 |
| 1905-06 | 669 | 2,861,262 |
| 1906-07 | 647 | 2,856,379 |
| 1907-08 | 645 | 2,924,760 |
| 1908-09 | 662 | 3,133,834 |
| 1909-10 | 610 | 3,042,227 |
| 1910-11 | 685 | 4,061,459 |

In view of the increase in number and amount of the loans, the State had to assign larger and larger sums for the purpose. Hence the necessity of the last law of June 24th., 1914, introducing amendments of an almost exclusively financial character into the laws.

We shall briefly summarise these amendments.

The *maximum limit* for loans fixed at 6,500 by the law of April 30th., 1909, is raised to 8,000 crs. (§ 7). But even this limit may be exceeded in case of regions where the price of land is particularly high; up to the amount of 10,000 crs. In the bill the vaguer phrase was "in regions where the price of land is particularly high the limit (8,000 crs.) may be exceeded, provided the holding does not lose its character of a Small State Farm."

² Crown = 1.40 fr.

It is right that the principle of an absolute limit should prevail, because otherwise very high prices might have been paid on special grounds for holdings that might have been included in the class of Small State Farms, if the expression could not be accurately defined.

The reasons for the raising of the maximum limit for the loans mentioned among the considerations on which the law of 1914 is based are the continually increasing price of land since 1909, as well as the rise in price of labour and building material.

The higher maximum limit for the loans naturally led to a greater total expenditure for the purpose. It therefore became necessary to increase the amount placed each year on the Estimates for the purpose. The new law raises this amount from 4,000,000 crs. to 5,000,000 crs. (§ 11).

We must, however, observe that while, in accordance with the previous law, the amount of 4,000,000 crs. a year was assigned for the purpose for 5 years, by the present law 5,000,000 crs. is assigned annually for three years from April 1st., 1915, on which date the five years expire for which the amounts were assigned by the law of 1909.

The general rise in price of money has necessitated the raising of the rate of interest on loans for small farms from 3 to 4 %. Even with this increase the rate asked by the State is still less than the usual rate and, by comparison, is not high. "The experience of previous years," says the comment on the bill, "shows us that a very low rate often means that the small State farmers have to buy their land at a disproportionately high price; so that the financial assistance given by the State at low interest, principally benefits the sellers instead of the small State farmers it is desired to assist."

The new law finally introduces some amendments in regard to supplementary loans. These are, however, only a necessary consequence of the higher maximum limit of the loans, because it was right that the older State colonists should be permitted to share in the benefits granted under the new law. In this way, the owners of Small State Farms constituted in conformity with the laws of March 24th., 1899, April 22nd., 1904 and April 30th., 1909, may obtain, provided they apply before April 1st., 1917, supplementary loans for special purposes, (purchase of land for enlargement of their holdings — clearing of waste land belonging to the farm or improvements of radical character — enlargement of the buildings necessitated by increased farm work). The supplementary loan, which may amount to $\frac{1}{10}$ ths of the increased value of the farm, may not exceed the amount of the difference between 7,002 crs. and the amount of the loan already received.

The supplementary loan can only be granted once and preference is to be given to those who have had no other supplementary loans, in virtue of the law of April 30th., 1909. The amounts required are provided by the Treasury.

For the supplementary loans also the rate of interest will be raised from 3 % to 4 %, as in the case of loans for the constitution of new State farms.

§ 2. SOME MORE RECENT STATISTICS ON THE SMALL STATE FARMS LAST CONSTITUTED.

In conclusion, we reproduce, some information in regard to the constitution of Small State Farms from the *Statistisk Aarbog* (Statistical Yearbook) for 1914 and the *Statistiske Efterretninger* (Statistical Communications) published by the Danish Statistical Office, which will bring the information previously published by us up to date (1).

In regard to the age, condition and occupation of the purchasers, the yearbook gives no more recent information than that already published by us referring to the date of April 1st., 1911.

But with regard to the constitution of the new farms we learn that during the financial year 372 were founded by means of State loans of a total amount of 2,316,655 crs. As regards territorial distribution (not considering the district of the city of Copenhagen) most of the farms have been founded in the district of Holboek (53) and least (2) in the districts of Skanderborg, Assens and Bornholm. Of the farms formed in 1913-14, 159, for which loans of about 1,000,000 crs. were granted, were on the islands and 213, for which loans of about 1,317,000 crs. were granted, on the mainland, that is in Jutland.

Altogether, the number of Small State Farms formed in 1913-14 and the amount lent by the State were less than in previous years, as is seen from the following table :

TABLE II. — *Farms Formed in the Various Years and State Loans Corresponding.*

| Financial Year | Number of Farms Formed | State Loans (Round Numbers) — — crs. | Average Loan per Farm — — crs. |
|-------------------|------------------------------|---|--|
| 909-10. | 610 | 6,042,000 | 4,987 |
| 910-11. | 685 | 3,461,000 | 5,028 |
| 911-12. | 498 | 2,989,000 | 6,002 |
| 912-13. | 470 | 2,919,000 | 6,211 |
| 913-14. | 372 | 2,317,000 | 6,228 |

The same tendency is apparent in the whole country, both on the mainland (Jutland) and in the islands.

(1) See the number of this Bulletin for January, 1914.

TABLE III.—Average Loans Granted for Formation of State Farms
on the Mainland and in the Islands of Denmark.

| | Islands — crs. | Jutland — crs. |
|--|----------------------|----------------------|
| 1st. April 1910 — 31st. March 1911 . . . | 5,936 | 5,929 |
| 1st. " 1911 — 31st. " 1912 . . . | 5,980 | 6,002 |
| 1st. " 1912 — 31st. " 1913 . . . | 6,076 | 6,210 |
| 1st. " 1913 — 31st. " 1914 . . . | 6,286 | 6,228 |

The average amount of the loans is, as, we see almost the same and increases with no appreciable difference in the proportion. The general average loan per farm in the years from 1900-01 to 1913-14, was 4,821 crs. in the islands, and 4,726 crs. in Jutland.

This confirms what we have already said in regard to the increase in the amount granted per loan, while both the number of the farms constituted and the total amount granted by the State are decreasing, the reverse is the case with the average per loan, which will doubtless still further increase after the law of June, 1914 comes into force.

From the date of the coming into force of the 1909 law to the close of the financial year 1913-1914, the State granted in loans of this character about 33,600,000 crs.; adding the supplementary loans granted in conformity with the 1909 law, amounting in the last four years to 2,800,000 crs., we get a total of 36,400,000 crs. This sum has served to form and increase 7,117 small farms, a really important number in a small State like Denmark with a population, in 1914, of only 2,889,000.

ITALY.

PERIODICAL MIGRATIONS OF AGRICULTURAL LABOURERS.

SOURCES :

1. CORRENTI PERIODICHE DI MIGRAZIONE INTERNA IN ITALIA DURANTE IL 1905. (*Periodical Migration Currents in Italy in 1905*). Ministero di Agricoltura, Industria e Commercio. Ufficio del Lavoro. Rome, 1907.
2. CORRENTI PERIODICHE DI MIGRAZIONE INTERNA OSSERVATE IN ITALIA NEGLI ANNI 1910 E 1911. (*Periodical Migration Currents in Italy observed in 1910 and 1911*). Ministero di Agricoltura, Industria e Commercio. Ufficio del Lavoro. Rome, 1914.
3. MIGRAZIONI PERIODICHE INTERNE DEI LAVORATORI AGRICOLI. Principali movimenti migratori nel 1903. (*Periodical Migrations of Agricultural Labourers. Chief Migratory Movements in 1903*). Ministero di Agricoltura, Industria e Commercio. Supplement to the *Bollettino dell'Ufficio del Lavoro*. No. 25. Rome, 1914.

Periodically, at certain seasons of the year, large numbers of agricultural labourers migrate for a time from one province of Italy to another, or the performance of agricultural work of various kinds. As has been justly observed (1), these periodical currents of migration give quite a special character to the national agricultural economy. For this reason, the National Labour Office has since 1904 given them its careful attention and collected statistics in regard to them. (2).

This important movement is due to the fact that a large proportion of the inhabitants of the Italian agricultural regions cannot exist only on the

(1) See the Report on the " Mobilità della mano d'opera in agricoltura " (*Migratory Movements among Agricultural Labourers*), presented by Prof. Giovanni Montemartini, General Manager of Statistics and Labour, at the first International Congress of Agricultural Associations, held at Brussels from September 18th. to 22nd., 1910. Acts of the Congress, Brussels, Desclaire Press, 1910.

(2) The Labour Office at the Department of Agriculture, Industry and Commerce, which already in 1904, 1905 and 1906 had furnished special monthly statistical reports of the periodical migratory currents, resumed the study in 1910, addressing itself for information to the communal administrations through the medium of the prefects and subprefects and making enquiries of the mayors of the communes, both of those from which the labourers migrated and those to which they migrated. After 1910, the enquiries were continued, but were limited to the principal currents of agricultural seasonal migration.

yield of the land of the locality in which they are born and live, and must go elsewhere to look for work. This work it is possible to find in some regions of Italy itself, especially in the provinces of Novara, Pavia, Rome and Foggia, where at certain seasons of the year and for certain work there is a great demand for additional labourers.

The above mentioned currents serve spontaneously to adjust the balance as regards labour supply and demand, between the different regions and provinces at the different seasons of the year, and supply the want of labourers in one place out of the excess to be found in another more or less neighbouring locality, promoting at regular periods the necessary exchange between the different territories.

As the nature of the movement is principally economic, and is of special interest for Italian agriculture, we must mention its most important features here as ascertained by the official enquiries.

§ 1. PRINCIPAL CHARACTERISTICS OF THE PERIODICAL MIGRATIONS CONSIDERED IN RELATION TO THE NATIONAL ECONOMY.

In this first section we intend to bring into relief the most characteristic features of the periodical currents of migration observed in Italy and the principal results of the various statistics published. In a second section, in order to give a concrete idea of the movement, we shall summarise the information obtained in regard to the most important migratory movements of agricultural labourers in 1913.

Importance of the Migrations and the Work. — A first general conclusion is that the migrations of agricultural labourers increase and diminish according to the amount of agricultural work. Thus, in the first four months of the year when little work is done in the country or only what can be done by ordinary labourers, the migrations are rather unimportant. As in fact we see from the recent statistics of the periodical currents observed in Italy in 1910, in the January of that year in the whole Kingdom only 16,285 labourers left their homes in search of agricultural labour and in February 20,554 (in the corresponding months of 1905 the figures were 18,500 and 14,500 respectively); in March the number diminished (18,889), to increase again in April (24,815). The year 1905, on the other hand, showed a gradual increase of migrating labourers, with 33,000 in March and 34,000 in April.

In May and June, however, and in the first half of July, there is a large accumulation and sequence of agricultural operations, especially in certain places, demanding many labourers and presenting a certain urgency (harvesting, cultivation of silkworms, weeding ricefields, reaping); then, the local labourers no longer suffice and the number of migrants increase considerably (100,361 migrants reported in May, 160,957 in June and 59,390 in July, 1910, as compared with 116,500 in May, 201,000 in June and 83,000 in July, 1905). In August there is a suspension of agricultural work and

consequently also a suspension of the migrations (18,500 peasants migrating in 1905 and 12,337 in 1910).

With the harvest of hemp, rice, maize, grapes, olives and citrus fruits, the work of the rural districts again increases and leads to a new period of migratory movement (63,502 agricultural labourers migrating in September, 14,795 in October and 26,883 in November, 1910). In December, finally, agricultural work ceases in almost the whole of Italy and so the number of migrants fell to 11,661 in that month in 1910.

Term of Migration. -- This depends generally on the time taken by the labour to be performed and, as this is very variable, the period during which the migrants are absent from their homes also varies considerably. However, the migrants often stay for only a part of the work and for the remaining period they are substituted by others of the same or other provinces, or the local labourers may be sufficient, or every peasant may often go to the same place for the same work, alternating periods of absence with periods of residence at home. In the Alban hills, for example, the migrants from the Sabine province do not remain for the whole of the season of hoeing and pruning vines, but work in turns for a month or two.

Sometimes, however, the migrant does not come only for one class of work; hay making and reaping, reaping and threshing, vintaging and wine making often occupy the same migrants. Sometimes, finally, the same group of migrants makes a kind of excursion in various localities, stopping in each to do the same kind of work; this is the custom of several reapers of Basilicata, the Capitanata and Sicily.

With regard to the period of residence, it has further been found that the migrations for a long period are those undertaken to localities at the greatest distance from the homes of the migrants; in the province of Rome, indeed, migrants occupied from autumn to summer come from the Provinces of Forlì and from the Marche; in the low plains of Foggia, the migratory labourers, come for the same period from the province of Aquila etc. On the other hand, migrations for short periods generally correspond with short distances. Yet, the quantity of migrants does not seem to be in any close relation with the distance travelled and the length of the term. We find, in fact, migratory currents between provinces at comparatively great distances from each other for terms of several months, bringing a small number of individuals and there are others entirely or almost entirely within a single province and lasting a very short time, but of very considerable importance as regards the number of persons migrating.

Wages and their Influence on the Migratory Movement. -- As observed above, the movement under consideration is chiefly economic in character, wages have therefore considerable influence upon it. From the first statistical return of the periodical currents of migrations, for the year 1905, it could be seen that the migratory movements act almost as a corrective, in regard to the constantly changing demand for labour. And more precisely they tend to equalise the supply of labour by means of the regulative action of the profits that cause the departure of a larger number of labourers the lower they are and again attract larger numbers of labourers

the higher they are. The ideal result of these migratory currents, — it is observed in the introduction to the statistical return for the years 1910 and 1911, above mentioned — would be to substitute for labourers for so many small markets closed others from the larger markets, between which the wages could fluctuate and adjust themselves until the required stable level is established. As the difference between the conditions of exchange in two localities increases, the rapidity and intensity of the migratory stream also increases. Now, evidently, the cost of transport, in money and discomfort, is the principal obstacle to the effective direction of the currents. If, indeed the cost is high, it contributes largely to the difference between the real wages obtained in the regions in which the migrant arrives and the wages he considers he could obtain remaining in his own country.

But, in practice, the cost of transport is not the only circumstance that arrests or reduces the migratory currents. In fact, the equalisation referred to that must take place between the regions from which the migrants come and those to which they go is not always arrived at, and the less frequently, according as the work to be done occupies less time or is more urgent. The wages for reapers, for example, vary considerably from one place to another and from one day to another; sometimes, owing to scarcity of labourers, they rise to an unexpected degree; again, owing to the unforeseen arrival of numbers of labourers out of proportion to the demand, they fall so much as not to give the newcomers any appreciable profit etc.

Losses Suffered by the Agriculture of the Districts the Migrants Leave. — If, again, the migratory currents generally benefit the labourers, they are not always suited to the requirements of the agriculture of the districts deserted. Sometimes, in fact, the peasant is attracted to other localities by higher wages, while in his own district the country is suffering from want of labourers, nor is the yield obtained by the landowners such as to allow of their paying high enough wages to induce the peasants to remain. However, as a matter of fact, it may be said that complaints in this sense, from the farmers of the districts abandoned are none too frequent to-day in Italy.

Migration in relation to the Altitude of the Districts. — The altitude of the district has its influence on the movement under consideration. In fact, in mountainous regions, the presence of many labourers in the winter would be of no advantage to themselves or to the district. The cold and the snow indeed prevent outdoor work for several months; the area of the fields cultivated is, besides this, limited, and the nature of the soil does not permit of deep ploughing, so that the people prefer to migrate rather than remain in compulsory idleness.

But differences of height exert an influence also in another direction. The seasons for agricultural labour depend, as we know, on the climate which, in its turn, varies with the latitude and altitude. Now, when the regions of different climate, for example, a mountainous and a low lying region, are near each other, the different periods at which the same labour has to be accomplished in them renders it possible for the inhabitants to

the colder district to migrate to the warmer one for the work, returning home some days or some weeks later in order to do the same work in their own country.

Various Causes of Migrations. — Amongst the various causes that may give rise to migratory currents we must note changes in the character of the farming. In the provinces of Emilia, for example, the area of the ricefields has diminished in recent years, and this has led in some parts to a great deal of unemployment in June, when the ricefields are weeded, a work calling for many hands. To-day, a large part of the agricultural population, in order not to remain unemployed, is forced to migrate to the ricefields in the districts of Lomellina, Novara and Vercelli.

The need for supplementary labourers is also determined, at certain seasons of the year, by the special requirements of certain kinds of farms. Thus, extensively cultivated farms are hardly worked at all in certain months and require only a few labourers in many other months, up to the date of the harvest, when, on the other hand, much harder and more careful work is necessary. The Roman Campagna and the Apulian Tavolere, which are perhaps the largest centres of seasonal agricultural migration in Italy, in fact, have a preponderance of *latifundia*.

Another reason for migration is the prevalence, in certain districts, of particular crops, requiring, when certain works have to be done, a larger number of labourers than is usual in the year. Thus, where vineyards predominate, hoeing, digging and pruning in spring and the vintage in autumn require more or less considerable numbers of labourers. This is the case in North Italy, in the districts of Voghera and Monferrato, in Central Italy in the Alban hills, and in South Italy, especially in the communes of Cerignola (Foggia), Barletta (Bari) and Brindisi (Lecce).

Another typical case is that of the ricefields, in which, for the weeding in June and the harvest in September, the number of labourers available in the rest of the year is far from sufficient.

Finally, there are often reasons of health that prevent the labouring population remaining in a particular district in certain months of the year.

Effects of the Introduction of Agricultural Machinery. — There is no doubt that the use of machinery for agricultural business affects the demand for labour, rendering it less acute and thus tends to reduce the migrations. In particular, the continual increase in the use of machines for threshing corn has reduced the number of working days formerly needed for the purpose and thus has shortened the term of residence of many migratory labourers who formerly were employed for threshing immediately after the reaping.

Migration and Emigration. — It is difficult to say whether emigration to foreign countries has an appreciable influence in reducing migration within a country itself and if so to what extent. It is clear, in any case, that the influence of emigration must be observable more than anywhere else in connection with those migratory currents that present the greatest resemblances with it, that is with migrations for long periods, as for example those of the labourers who pass the winter

in the provinces of Rome and Foggia. In fact, the question often spontaneously suggests itself to these labourers obliged to absent themselves for long months from their homes, and deriving a large part of their year's income from their earnings as migrants, whether they would not find it more profitable to cross the frontier instead of following the traditional current to the Roman Campagna, the Apulian Tavoliere and the Maremma.

Emigration has a more general effect on the equilibrium of the home labour market, and, in order to attract labour, the average of the wages paid has necessarily been raised considerably. To attribute the increase in the wages paid to agricultural migrants from other parts of Italy and the increase in agricultural wages in the Kingdom solely to emigration would be an error; but it is, however, certain, as appears in the introduction to the statistical report for 1910 already mentioned, that the farmers, in those districts where the proportion of migrant labourers employed in the year is important, have found themselves obliged to raise the rate of wages considerably so as to reduce the advantages of emigration for labourers.

Migration of Women. — It is men who furnish the largest contingents (76.98 % in 1910) to the periodical migrations, especially in South Italy. Women predominate in the migrations for weeding of rice fields and constitute about two thirds of the number migrating for the purpose. A considerable proportion of women also migrate for the harvesting and husking of rice and for work in connection with silkworm rearing. A large number of women are attracted, but always chiefly in North and Central Italy, to the work of weeding wheat and maize fields, cleaning vines, mowing, gleaning, binding and stacking sheaves, the vintage and the olive harvest. For the most part their work is subsidiary or supplementary to that of the men. Sometimes the women follow the gangs of migrant in order to prepare their food for them.

Recruiting of Migrants. — The migrants are recruited either directly or through intermediaries. The recruiting may be direct when the migrants go to seek employment on chance, as do a large number of the reapers or when they engage themselves for special labour in advance either by word of mouth or in writing. This is especially done by labourers who engage themselves for the picking of mulberry leaves and silkworm rearing.

When, on the other hand, the migrant has recourse to an intermediary this may either be a registry office, or the league or trade union or federation of which he is a member, or finally an agent who recruits labourer and makes his profit out of the business. Unfortunately, the last is still the most usual course in Italy. In fact, after the experiment of the labour bureau founded in 1904 by the "Società Umanitaria" of Milan for labourers for the ricefields of Novara, the only effort of collective character of any importance in connection with the recruiting of labourers has been that made in 1909 by the National Federation of Agricultural Labourers, which has the

problem still under its consideration and in many congresses has formulated its desires and established programmes for carrying them out.

The Italian Government, however, has shown its interest in the matter and has laid a proposal before the Chamber of Deputies for the institution of inter-regional labour bureaux to obtain labourers for agriculture and public works, by means of which it is proposed to regulate the periodical currents of migration and to facilitate permanent migration to those provinces of the Kingdom that have most need of labourers for agriculture and public works. The expenditure for the constitution of these bureaux must be defrayed in equal proportion by the State, the provinces, the communes and other local bodies and private individuals. The bureaux must be made to harmonise with each other after a suitable manner.

Facilitations for Travel and Means of Transport Selected by Migrants and emigrants.—Special facilities are granted on the Government Railways to peasants travelling in groups to work, generally "to Italian working men and women and day labourers of both sexes who travel third class at their own expense in groups to work in one and the same locality in the Kingdom, to temporary work outside of Italy (but only to European countries or countries along the shores of the Mediterranean), or return from such work, provided they all travel between the same two stations. When travelling within the Kingdom or on their forward journey to foreign countries, the travellers must form a group of at least five adult persons, or pay the corresponding charge."

These facilitations are granted even when the working men or women travelling within the Kingdom, after completion of their work in a given locality, instead of returning home, have, for reasons of their work, to visit other places.

For the purposes of the concessions, the terms "working men and women and labourers" include "peasants, that is to say agricultural labourers and all those engaged in field labour", always provided that they are "in the service of others and receive daily wages".

The concession granted in the case of journeys within the Kingdom amounts to a reduction of 50 % or 75 % of the ordinary charge, according to the distance.

Under these circumstances, it is easy to understand why a considerable proportion of the periodical agricultural migrants in Italy travel by rail; however, there are not wanting those who travel to their work on foot or in carts, even fairly long distances.

Conflict of Interests of Migrants and Local Labourers.—Finally, one of the most interesting points in regard to the periodical migrations is the conflict of interests they excite between the local and the migratory labourers. The former seek by various expedients to prevent the competition of the latter. The steps most commonly taken by the local labourers to prevent this competition are limited to the insertion in the agricultural contracts made on the termination of strikes of a clause for the absolute exclusion of migrant labourers from participation in agri-

cultural work within the region to which the contract applies; or, as more frequent, in cases of agricultural agitations, to compelling the acceptance of the clause of the simple preference of local over migrant labourers. But in practice this preference of the local over the migrant labourer sometimes cannot be allowed, because while it is important for the proprietors to be sure of obtaining the labourers they need at the proper time, the local peasants refuse to make contracts in advance, in the hope of being able, when the moment arrives, to profit by the urgent nature of the work.

§ 2. SOME INFORMATION IN REGARD TO THE PRINCIPAL MIGRATIONS OF FARM LABOURERS IN 1912.

As results from a recent enquiry held by the National Labour Office the principal migratory movements of agricultural labourers in Italy in 1913 were (a) to the provinces of Vercelli, Novara and Pavia, in May and June for the weeding of the rice fields; (b) to the provinces of Foggia, Potenza and Rome in May, June and July; (c) for the rice harvest in August and September; (d) to the provinces of Grosseto, Foggia and Rome in the months from August to December. Let us now shortly consider each of these movements.

First of all, the labourers migrating to the most important region of rice cultivation, for the work of weeding the fields, numbered, in the year in question 50,261 persons of both sexes, showing an increase not so much in regard to 1912 as to 1911 and 1910. The number of migrants in 1913 exceeded that for 1910 by 5,233.

The districts to which the migration is principally directed are those of Vercelli (14,860 migrants) and Mortara (13,195); next come the districts of Novara (10,930) and Pavia (6,262). There were also 5,014 migrants to less important centres of rice cultivation.

The total earnings of these migrants in addition to their board, were, according to the calculations of the Labour Office, 4,072,644 frs. or an average of 81 frs. per labourer.

The migrants in the period from May to June to the province of Foggia for the work of reaping and threshing in 1913 were almost equal in number to those in the preceding year, but fewer than in 1911.

The total number of migrants amounted in fact to 30,425 in 1913 as against 29,903 in 1912, 41,744 in 1911 and 29,766 in 1910.

Their total earnings amounted to 4,430,613 frs. including board. Or an average the migrants, both men and women, as their earnings were almost the same, received 145 frs. for 38 days of actual work, or four frs. a day. From this, however, must be deducted the cost of the forward and return journey and board.

The migrants to the Province of Potenza for the work of reaping and threshing and other agricultural work have, however, decreased in number

compared with previous years. There were in fact 12,074 in 1910, 13,937 in 1911, 11,346 in 1912 and 10,367 in 1913.

The total earnings of these migrants were calculated by the Labour Office at 1,280,455 frs. for 1913, or an average of about 123 frs. per migrant.

The migrants to the Province of Rome in May, June and July were 742 in all, 34,008 men and 9,734 women.

The total earnings of these labourers amounted to 4,116,491 frs., 25,191 frs. earned by the men and 491,300 frs. by the women. On an average each migrant earned 94 frs. in the whole season. It is however, to be observed that in this amount the cost of board is included, when it was supplied to the labourers by the masters as complement of their daily wages. And as the average working days are 27, the average daily wage would be 3.50 frs. But the wages of the men are higher than those of the women. The men would, however, have earned in the season 106 frs., giving an average of about 4 frs. a day, and the women 50 frs., or an average of 2 frs. a day.

The total number of migrants (men and women), in 1913 to the more important centres of rice cultivation in Italy, for the harvest, was 24,997.

The migrants in the year considered were 6,235 more than in 1910, 91 more than in 1911 and 1,078 more than in 1912.

The amount of the total earnings as calculated by the Labour Office was 2,256,295 frs. or an average of 99 frs. per migrant. For the men, whose total earnings amounted to 1,614,516 frs., the average is somewhat higher than for the women, whose total earnings amounted to 641,779 frs.; the average per man was 99 frs. for the whole season; the average woman's earnings amounted to 75 frs. Bearing in mind that the average number of working days is about 22, according to the figures given for the communes migrated from, and 23, according to those for the communes migrated to, the daily wages would be about 4 frs.

The migrants to the province of Grosseto in 1913 were 7,756; the number was therefore somewhat less than in 1912 (9,160) and 1913 (3031) and on the other hand higher than in 1910 (4,571), in which year, owing to the bad harvests, there was very little demand for labourers. As regards the class of work, for which they engaged, the migrants were distributed as follows in 1913: for the vintage, 149; for the olive harvest, 99; for other agricultural work, 3,188; for cattle herding 929; for work in the forests 2,391.

In the autumn the migrants to Foggia in 1913 came from Emilia, Tuscany, Umbria, Latium, the Abruzzi and Molise, Campania and Apulia. Emilia contributed the largest contingent. Indeed, in a total of 22,414 migrants, 16,223 came from various districts of Apulia, especially from the provinces of Bari and Foggia. The migration from the Abruzzi was also considerable (4,030); the contingent from the other districts was small.

In comparison with previous years, the migration in 1913 was very important. In fact, the migrants in 1910 were 13,910 less than in 1913, 450 less than in 1911 and 6,694 less than in 1912.

The majority of the migrants (7,398) came for the vintaging and various kinds of agricultural work. The rest of them were occupied with the herding of cattle (3,898), forest work (2,402) and the olive harvest (1,475).

Finally, the migrants to the Province of Rome were 35,211, of whom 27,409 were men and 7,802 women.

Comparing these figures with those for previous years, we find that the labourers from other provinces required for the Roman province were 5,475 less than in 1912, 6,812 less than in 1911 and 18,788 more than in 1910.

The work in which most of the migrants were engaged was miscellaneous agricultural work (13,617 labourers), cattle herding (11,601) and forest work (5,142). The vintage and the olive harvest employed respectively 3,017 and 1,946 labourers.

The migration to the province of Rome, has, in contrast with the other principal migratory movements above considered, a special characteristic; the labourers, that is to say, generally, come to the Province of Rome not with the intention of performing only certain definite work but with that of remaining the whole winter and returning to their own communes at the beginning of spring. In fact, when all the work of the vintage, the harvesting of the olives and the sowing is finished, some of the migrants remain to work in the vineyards, to prepare the soil for other crops, or they occupy themselves with miscellaneous agriculture or forestry work. Those who migrate for the herding of cattle return home, as a rule, towards the beginning of April. It is therefore not correct to limit the period of this migration to the months from August to December inclusive. But this was done on account of difficulties not easy to explain. The figures we have given above in regard to the extent of this migration current may, however, be considered sufficiently accurate.

UNION OF SOUTH AFRICA.

THE LAND SETTLEMENT ACT OF 1912.

SOURCES :

REPORT OF THE SELECT COMMITTEE ON THE LAND SETTLEMENT BILL. Printed by Order of the House of Assembly. March, 1912. Cape Town: Government Printers, 1912.

SUMMARY OF THE MAIN PROVISIONS OF THE LAND SETTLEMENT ACT, No. 12 OF 1912. Memorandum issued by the Department of Lands, Pretoria, for the information of Resident Magistrates.

ANNUAL REPORT ON THE WORK OF THE DEPARTMENT OF LANDS [1912 and 1913]. Cape Town: Government Printers, 1913 and 1914.

INTRODUCTION.

It would be impossible, within any limits less than those of a fair-sized volume, to deal with the whole question of land settlement in South Africa. Even without entering upon anything in the nature of an historical study of the subject, a description of the process of land settlement as being carried out at the present time in the various Provinces of the Union would itself be a task of no small length and of considerable intricacy. The mere enumeration of the laws and ordinances relating to the disposal of Crown lands is calculated to discourage all but the most earnest enquirers. The list is printed as an Appendix to the Report of the Select Committee on the Land Settlement Bill. The Report in question was issued in March, 1912, and at that date the number of Acts and ordinances was as follows: in the Cape of Good Hope 25; in Natal 5; in the Transvaal 2; in the Orange Free State 7. Add to these the Land Settlement Act of 1912, which applies to the whole of the Union, and we have the respectable total of exactly forty legislative measures relating to land settlement in South Africa, — and this without taking into account a number of proclamations issued from time to time by the Governors of the different colonies and included in the list already referred to.

The acts mentioned do not in every case relate to the disposal of agricultural land. They are, indeed, as bewildering in their variety as in their number, dealing as they do not only with the disposal of Crown lands to private persons, but also with grants of land to missionary institutions and to native chiefs, with the expropriation of land for

public purposes, with the establishment of indigent settlements, with the reservation of certain lands for settlement by natives, and with Government schemes for irrigation colonies. Not all the acts, naturally, are of equal importance. Some have been found on trial to be unsatisfactory and, though nominally still in force, have ceased to be applied. Others again are really in the nature of special acts which have been passed either in order to regulate the legal position of a very small group of settlers whose original occupation of the land has perhaps been irregular, or with the object of disposing of some small parcel of Crown land whose settlement for one reason or another cannot be effected under the provisions of any of the general settlement acts.

When the Union of South Africa was formed, land settlement legislation in each Province was left untouched, and when the Land Settlement Act of 1912 was passed and applied to the whole country it repealed none of the existing acts or proclamations. A broad distinction may fairly be drawn, therefore, between land settlement under pre-Union acts, — which may be proceeding upon very diverse lines in the different provinces, — and land settlement under the Act of 1912 which is taking place upon uniform lines (though not at a uniform rate) throughout the whole of the Union.

In this paper we shall confine ourselves to an examination of the Act of 1912 and a brief account of the progress of land settlement under its provisions up to the end of 1913.

§ 1. THE MAIN PROVISIONS OF THE ACT.

Speaking generally the Act is designed to assist the man of moderate means, who possesses the qualities necessary for making a successful farmer, to secure the ownership of a medium sized farm through the payment to Government of the purchase price in instalments spread over a period of about twenty years. It sanctions the purchase of land for settlement purposes, but does not confer any power to expropriate land.

Provision is made for the appointment of Land Boards for any part of the Union, provided that the number of such Boards shall at no time exceed five. Each Land Board consists of five members, of whom three at least must possess a knowledge of land values and farming conditions within the area served by the Board. The functions of the Land Boards are of an advisory nature. Every proposal to acquire land must be submitted to the Land Board concerned which is required to report to the Minister of Lands as to: (a) the value of the land in question and its suitability for settlement purposes; (b) the nature of the improvements thereon and the water supply; (c) the extent of the demand for land in the neighbourhood and the possibility of subdividing the land which it is proposed to acquire. If the land is considered suitable for settlement purposes the Board fixes the maximum price which should be paid for its acquisition.

and recommends to the Minister the terms upon which it should be offered for settlement.

Land available for settlement is divided into holdings which vary in size according to the nature of the land, its proximity to markets, etc., and applications are invited for its occupation. Applicants must possess the following qualifications :

- (a) be eighteen years of age at least ;
- (b) be so qualified as to be able to make good use of the land ;
- (c) intend in good faith to occupy personally and develop the holding ;
- (d) be of good character ;
- (e) possess sufficient capital to work the holding beneficially, or possess such amount of capital as after report by the Board the Minister may deem fair and reasonable ;
- (f) intend in good faith to develop the holding for the exclusive benefit of himself and family, if any.

Holdings are allotted on lease for a period of five years upon the following terms. For the first year no rental is charged ; for the second and third years rent is charged at the rate of 2 per cent. per annum on the valuation ; and for the fourth and fifth years at the rate of $3\frac{1}{2}$ per cent. per annum on the valuation.

The allottee has the option of purchasing his holding either during the term of his lease or after its expiration, upon payment of the purchase price (*i.e.*, the valuation fixed by the Board) in forty half-yearly instalments payable in advance. He may also pay off the balance of the purchase price at any time in instalments of not less than £100. The most important conditions as to occupation and improvement of holdings are that the allottee shall reside upon his holding and make it his ordinary place of abode for at least eight months in every year, and, if the holding upon his taking possession consisted of unimproved land, shall in the first five years of his occupation effect improvements to the value of at least 10 per cent. of the purchase price.

Advances may be made to lessees under the Act for the purpose of providing them with stock and implements for the beneficial working of their holdings, but such advances may not exceed 50 per cent. of the capital expended by the lessee upon the improvement of the holdings, and the total amount of the advance to any allottee must not exceed £500. The advances bear interest at $4\frac{1}{2}$ per cent. per annum and are repayable in seven half-yearly instalments, the first of which becomes due and payable from eighteen months to two years after the date on which the advance is made.

One section of the Act which, it is hoped, will yield good results in providing a useful class of settler, empowers the Government to acquire a particular piece of land on behalf of an applicant, provided that the latter is willing to contribute at once one-fifth of the purchase price. If an application under this section is approved the Government pays the balance of the purchase price and this sum, plus any additional expense incurred by the Minister of Lands, and with interest at 4 per cent. per annum, is

repaid by the allottee in forty half-yearly instalments. In the case of land allotted under this section there is no preliminary period of lease.

Whether land has been acquired and allotted as part of a general scheme or purchased on behalf of a particular applicant it is subject to the same provisions regarding the issue of a Crown grant. These provisions are as follows: (a) Not less than ten years must have elapsed since the date of the commencement of the lease; (b) all the instalments of the purchase price and all other moneys due to Government must have been paid; (c) the lessee must have complied in all respects with the provisions of the Act and the terms and conditions of the lease; (d) the lessee must be a British subject.

Further, until the issue of a Crown grant, even if all moneys due to Government have been paid, the lessee shall continue to occupy his holding under the terms of the lease and the provisions of the Act. Thus, for example, an allottee who has paid the whole of the purchase price within five years of his taking possession remains subject to the provisions as to occupation and improvement for another five years, — the object of this provision being to secure the beneficial occupation of all holdings and prevent speculation in land.

§ 2. PROCEEDINGS UNDER THE ACT UP TO DECEMBER 31ST, 1913.

The Act did not come into force until October 16th, 1912, so that in that year there was hardly time for operations to be carried out under its provisions. Under Section 3 of the Act, four Land Boards were appointed, one for each of the Provinces. Under Section 11, which empowers Government to purchase a particular piece of land on behalf of an applicant, the number of applications dealt with was 57, of which 19 were approved, 2 were refused and 13 were abandoned by the applicants. A number of farms were offered to Government for general settlement purposes but only one farm, or rather a portion of one farm, in the Heidelberg District of the Transvaal was acquired. The area of the land purchased was 13¹/₂ morgen (1) and the price £ 4,921. Eighteen farms with an approximate area of 22,188 morgen of Crown land were gazetted for disposal during the year, but none had been allotted by December 31st, as the period of notice required when land is offered for settlement had not then expired. It must, however, be remembered that during 1912 a considerable number of farms were allotted under pre-Union Acts. It is not always expedient to deal with land under the Land Settlement Act even when such land is suitable for allotment under the provisions of that Act. It is often advisable to dispose of it under pre-Union Acts in order to preserve uniformity of tenure.

(1) A morgen is equal to 27¹/₄ acres.

During 1913 the number of applications for land under Section 11 of the Act was 294. Particulars relating to the applications received under this section since the Act came into force are shown in the following table:

TABLE 1. — *Applications dealt with in 1912 and 1913 under Section 11 of the Land Settlement Act.*

| Number of Applications | Area | Valuation | Approximate Average Area of Holdings | Approximate Average Valuation of Holdings | Approximate Average Price per Morgen |
|--|-----------------|--------------|---|--|---|
| Totals for the Union during the year 1912. | | | | | |
| | Morgen sq. rds. | £ | Morgen | £ | £ s. d. |
| Approved.... 19 | 19,295 — | 34,263 | 1,015 | 1,803 | 1 15 6 |
| Refused..... 25 | 21,072 — | 70,269 | 843 | 2,811 | 3 6 8 |
| Abandoned... 13 | 8,973 — | 19,534 | 690 | 1,503 | 2 3 6 |
| Total... 57 | 49,340 — | 124,066 | | | |
| Totals for the Union during the year 1913. | | | | | |
| | Morgen sq. rds. | £ s. d. | Morgen | £ | £ s. d. |
| Approved.... 100 | 45,715 140 | 153,123 14 3 | 157 | 1,531 | 3 6 11 |
| Refused..... 90 | 53,241 276 | 165,413 12 4 | 591 | 1,838 | 3 2 2 |
| Abandoned... 84 | 59,641 550 | 138,870 5 0 | 710 | 1,053 | 2 6 7 |
| Under Consider- ation..... 20 | 9,196 544 | 28,439 2 6 | 460 | 1,422 | 3 1 10 |
| Total... 294 | 167,825 310 | 485,846 14 1 | | | |

The number of holdings actually allotted under Section 11 up to December 31st, 1913, was 76. The number of settlers concerned was 104, some of the holdings being occupied by two or more settlers in partnership. The total amount of land allotted, with particulars of the price paid, is shown in Table II.

TABLE II. — *Land purchased and transferred to applicants under Section 11, up to December 31st, 1913.*

| | Morgen | Net Amount Paid by Government | Contribution Paid by Allottee | Inspection and Transfer Costs | Total Purchase Price |
|-----------------------------|------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------|
| | | £ s d | £ s d | £ s d | £ s |
| Transvaal | 28,171 1/2 | 66,259 5 9 | 17,039 5 6 | 1,724 0 0 | 85,022 11 |
| Orange Free State | 12,936 | 31,443 12 5 | 7,861 10 9 | 1,436 2 4 | 40,741 5 |
| Cape | 5,000 | 2,000 0 0 | 500 0 0 | 21 6 1 | 2,521 6 |
| Natal | 1,519 1/2 | 5,582 13 8 | 1,400 8 6 | 108 7 1 | 7,091 9 |
| | 47,627 | 105,285 11 10 | 26,801 4 9 | 3,289 16 0 | 135,376 12 |

During 1913 the amount of land purchased for general settlement under Section 10 of the Act was 27,175 morgen, all of which was in Natal. This amount, with the 1,369 morgen purchased in 1912 in the Transvaal area, makes a total of 28,544 morgen purchased under the Act up to the end of 1913. The total purchase price, including cost of transfer, was £54,724 3s 8d. Of this land an area of 10,720 morgen in Natal had been allotted on five years' lease with option of purchase. In addition there had been allotted 111,309 morgen of ordinary Crown land making a total of 122,029 morgen allotted up to December 31st, 1913, under the provision of the Act which relate to general settlement (Section 16) (1). This land had been allotted in 127 holdings to 172 settlers, some of the holdings having been assigned to partners. Of these 127 holdings, 90 were in the Transvaal, 39 in Natal and 7 in the Cape Province. In the Orange Free State there is at present no Crown land available for settlement, and the amount available in the Cape Province is very limited.

The nationality of the successful applicants for holdings is a question of considerable interest. Of the 172 settlers, 140 were South African born, 19 were English, 3 were Irish, 2 were Scotch, 2 were British subject born in Germany, 2 were Australians, and only 3 were of foreign nationality. There is nothing in the Act which prevents foreigners from taking up holdings but it will be remembered that they cannot obtain a Crown grant of their holdings unless they become naturalised British subjects. The average amount of capital possessed by the settlers was £634. The average was highest in Natal where it amounted to £981 per settler.

In the case of 79 out of the 127 holdings the successful applicant was determined by lot. This is practically the only method of deciding between

(1) Land intended for general settlement is acquired by Government under Section 10 and allotted for settlement under Section 16.

large number of applicants many of whom possess practically the same amount of capital. In some cases the number of applications for the same holding exceeded a hundred. For one holding in the Transvaal, 430 morgen in extent, there were 135 applicants with an average capital of £543. In such cases as these any system of personal selection would inevitably become the object of constant criticism, and it seems upon the whole the best course to decide the matter by lot. It is certainly unfortunate that applicants have in some cases spent considerable sums in examining the holdings gazetted for disposal, only to find themselves repeatedly unsuccessful in securing an allotment, but it is difficult to see how this inconvenience could be avoided. It is above everything imperative that the system of allotting land should be free from any suspicion of favouritism or manipulation.

Although, as has been mentioned above, the amount of land purchased for settlement during 1913 was only 27,175 morgen, a large amount of land was offered for purchase and, upon the recommendation of the Land Board, refused. The total amount of land offered and refused was 256,132 morgen and the price £879,519. The Government declined to purchase in the majority of cases because the price was too high or because the land was unsuitable for settlement. In the Cape Colony and Natal the latter was the more common reason for refusal.

It will be interesting, in conclusion, to compare the number of settlers established on the land under the Act of 1912 with the number so established under all other acts and proclamations. This can be most conveniently done by showing the figures in tabular form, thus:

TABLE III. — *Particulars of all land allotted in 1913.*

| Statutes Governing Allotment | Number of | Number | Area | | Valuation | | |
|---|--------------|----------------|---------|----------|-----------|----|-----|
| | Holdings | of Settlers | Morgen | Sq. Rds. | | | |
| | | | | | £ | s. | d. |
| and Settlement Act 1912, Section 11 | 76 | 104 | 47,651 | 346 | 135,376 | 12 | 7 |
| and Settlement Act 1912, Section 16 | 127 | 172 | 122,029 | 72 | 106,219 | 17 | 0 |
| Other Acts and Proclamations | 308 | 333 | 160,984 | 460 | 99,874 | 3 | 3* |
| Total | 511 | 609 | 330,665 | 278 | 341,470 | 12 | 10* |

(*) Thus a rental of £175 5s. 6d. per annum for certain lands let on lease.

It will be seen from the above figures that the proceedings under the Land Settlement Act overshadow in importance the proceedings under all other acts relating to land settlement in so far as relates to the area and value of the holdings allotted. The number of holdings allotted under the Act was 203, and the number under all other acts, 308, yet the area occupied under the Act and the value of the land so occupied exceeded the area and value of the land occupied under all other acts. The difference in value is very striking. Roughly, while there was but little difference in the area allotted, the value of the land allotted under the Land Settlement Act was nearly $2\frac{1}{2}$ times the value of that allotted under all other acts.

It would seem, therefore, that the Board have ample reason to be satisfied with the type of settler that is being secured under the provisions of the Act of 1912.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY IN GENERAL.

ARGENTINA.

CONTI (CESAR) : COLONIZACIÓN AGRÍCOLA. BASES PARA UN PROYECTO DE COLONIA AGRÍCOLA-INDUSTRIAL GANADERO (*Agricultural Colonisation, Basis of a Plan for an Agricultural, Industrial and Livestock Improvement Colony*). "Boletín mensual del Museo Social Argentino". Nos. 35 and 36. pp. 511-523. Buenos-Ayres, November-December, 1914.

The author begins his study by recalling the large number of colonisation proposals presented in recent years and regretting that as yet very little has been done practically. Then going on to examine the various systems of colonisation, he says that the history of colonisation, which is comparatively speaking of recent origin, teaches us that Government intervention must not be counted on for the solution of the problem. Official colonisation has not given the results hoped for. According to the author, the principal action of the State must consist in encouraging the colonisation undertakings that aim at obtaining for their own account and at their own risk the same results it is desired to obtain by means of official colonisation.

Starting then from the principle of colonisation by means of private enterprise and after having analysed the various factors and elements needed for adequate colonisation (soil, labour, capital and technical management), Señor Conti shows on what foundation any scheme must be based, in his opinion, it is to have good results : (a) the multiplication as far as possible of the sources of revenue by means of the cultivation of a variety of crops, various agricultural industries, livestock improvement etc.; (b) the possibility of each family being able to perform the labour necessary on its own holding; (c) and the possibility of deriving the utmost possible return from the holding for the support of the colonist and his family.

After discussing several plans for the distribution of the various interests of the farm, crops, livestock etc., in conformity with his principles the author terminates his study by showing the advantages that may be derived from his proposal for the colonist and for the colonisation undertaking.

UNITED STATES.

CUBBERLEY (ELLWOOD P.): *RURAL LIFE AND EDUCATION*. 1 vol. 8vo. 367 pp. Houghton Mifflin Company. New York, 1914.

This book by the Leyland Stanford University Professor of Education aims at stating the rural school problem in its historical and sociological setting. With this object in view, Part I, which occupies almost half of the book, is devoted to describing the four periods of development which the author distinguishes in the rural life of America, and to examining the effects which the changes from one period to another have had upon the rural school and other rural institutions. Part II deals with the fundamental needs of rural education, with the organisation and maintenance of the existing rural school system, and with the reforms which the writer considers necessary.

Rural education, throughout the greater part of the United States is organised and administered upon what is known as the "District" system, which empowers any small number of families, living sufficiently close together to make organisation possible, to meet and establish a School District, elect school managers or trustees, and levy a school tax on the property of the people within the District.

Professor Cubberley condemns the system in unmeasured terms. It is "expensive, short-sighted, inefficient, inconsistent and unprogressive;" it results in the unwise multiplication of schools, and in great inequalities in the schools themselves. The district as a taxing unit is too small, so that the schools are starved financially, while at the same time the trustees because they hold the purse-strings, often assume authority over many matters in which they are not competent. The measure of each State's progress in education is, according to the writer, the extent to which it has abandoned the district system of administration. In a few States — Maryland, Louisiana and Utah are examples — the county has been made the unit area for administrative purposes, with excellent results. The root of the matter is the question of finance. A rural school cannot be adequately supported at a cost of less than from \$ 800 to \$ 1000, and this sum is too large to be raised within the area of a district. The unit for taxation must be the county, and the power which is conferred by the control of the finances will enable the county authorities to undertake the necessary consolidation of the school system. Consolidation would give larger and better schools, better teaching, and a wider curriculum.

Professor Cubberley fully admits the admirable work which the District schools have done in the past and the inestimable value of the District system in a pioneer community, but he brushes aside — perhaps a little ungenerally — the idea that sentimental regard for the institutions of pioneer days should be allowed to impede progress. He has but little

to say that is new; but he has compiled a useful textbook, and this, as we learn from the preface, was one of his principal aims in writing.

WORCESTER (DEAN C.): *THE PHILIPPINES PAST AND PRESENT* 2 vols. 8vo. ill. pp. 1,024. Mills and Bood, London, 1914.

The writer of these two volumes visited the Philippines as far back as 1887 as one of the members of a scientific expedition. In 1899, at the invitation of President McKinley, he returned to the Islands as a member of the first Philippine Commission. Later, he was appointed to serve on the second Philippine Commission, and when civil government was established in 1901, became Secretary of the Interior, continuing in that important position up to 1913.

The first volume is, in the main, an account of political and military events with which we are not particularly concerned.

The second consists for the most part of a record of what has been done under the civil government set up by the United States, for the improvement of the public health, for the extension of education, for the reform of the penal laws and the administration of justice, for the provision of adequate means of communication, and for the development of the agricultural and industrial resources of the country. Up to the end of 1913, the amount spent in the interests of public health was \$ 9,630,000, while the sum spent upon education (including school buildings) was \$ 21,376,000. There are two important chapters upon the government of non-Christian tribes. Another chapter is devoted to a description of the Philippine legislature and its work, and in the final chapters the author discusses the possibility of granting the people political independence as has frequently been proposed in the United States. His views upon the last question are clear; and it will hardly be denied that they are entitled to the highest respect. "Philippine independence", he says, "is not a present possibility, nor will it be possible for at least two generations. Indeed, if by the end of a century we have welded into a *people* the descendants of the composite and complex group of human beings who to-day inhabit the Islands, we shall have no cause to feel ashamed of our success."

Professor Worcester, in fact, has come to see that America, having put her hand to the plough, cannot turn back even if she would.

ANNUAIRE FINANCIER ET ÉCONOMIQUE DU JAPON. QUATORZIÈME ANNÉE. 1914. (*Japanese Financial and Economic Yearbook. Fourteenth Year, 1914.*)

The number of this well known annual, published under the direction of the Japanese Minister of Finance, for this year, contains important

detailed statistical information in regard to the Imperial finances and economy.

The most recent information in this, the fourteenth volume, refers for the most part to 1913, though some also refers to 1914.

As regards the general economic situation for the year 1913-1914, it may be said that constant progress has been made in the organization of new undertakings and the development of those already existing; the new capital paid up amounted to 178,000,000 yen (460,000,000 frs.), showing a slight increase on the figures for the preceding year. However, in Japan also, the scarcity of money on the European market, in consequence of the events in the Balkan peninsula, was strongly felt and led even there to a considerable increase in the rates of interest.

As regards foreign commerce, the considerably increased importation must be attributed to the introduction of foreign capital, to the increased activity of the business undertakings and also to the accidental decrease in the agricultural produce of Hokkaido, of the N. E. Provinces and of Formosa.

In regard to agriculture certainly the year 1913-1914 has been one of the least fortunate of years, and the statistics show a fairly large decrease in almost every class of produce.

Though in the total production of rice there was a slight increase (50,222,509 *koku* (1) in 1912 and 50,255,267 *koku* in 1913), yet there was a decrease in the average production per *tan* (1,673 in 1912 and 1,659 in 1913). There was a real increase in the amount of barley, rye and wheat produced (21,870,321 *koku* in 1912 and 25,050,454 *koku* in 1913); all other agricultural produce, however, showed a decrease; millet (from 396,963 *koku* to 382,252 *koku*); *daizu* (from 3,693,193 *koku* to 3,511,464 *koku*); buck wheat (from 1,216,422 to 996,782); and colza, sweet potatoes, hemp and sugar cane all showed a similarly diminished production.

SWEDEN.

WOHLIN (NILS): *DET SVENSKA JORDBRUKETS INRIKES AVSÄTNINGSFÖRHÅLLANDEN 1913*. *Conditions for Sale of Swedish Agricultural Produce within the Kingdom*. Stockholm, 1913. Norstedt and Son, large 4to, pp. VIII + 462, with numerous diagrams and maps.

On August 5th., 1910, the Royal Department of Agriculture at Stockholm entrusted the eminent Swedish economist, M. Wohlin, with the preparation of a detailed report on the conditions of sale of agricultural produce within the country. In the space of four years M. Wohlin has terminated the work and the book to which we introduce our readers here is the result.

There can be no question of entering here upon an analysis of the monumental work. Let us limit ourselves, in view of the interest simi-

(1) 1 *koku* = 1.8 hl.

studies of other agricultural countries would present, to indicating briefly the general plan.

After studying the statistics of agriculture for a long series of years, M. Wohlin divides the various districts of Sweden into regions of *excessive* and of *insufficient* production of the principal agricultural produce of the country, considering as such the fifteen following articles: wheat, rye, barley, oats, peas, beef, pork, mutton, milk, butter, cheese, potatoes, eggs, vegetables, hay and straw. The results of his research are shown in each case in a special table with the fullest explanatory text, and ample citation of authorities.

Then the author passes on to a minute examination of the means of communication in Sweden, with a special view to their utilisation for the transport of agricultural produce within the kingdom. Here also each of the products above mentioned is separately studied and of course only the existing state of exchange is considered as it has developed naturally in the course of time. In this case also he gives a series of splendid illustrative tables. This second part of the work brings into evidence the want of logic and of rational organisation characterizing the existing conditions of agricultural exchange. Chance, accidental or local circumstances, the initiative of a shopkeeper, the rates of such or such a private line etc. are the principal causes of excess of production in one region rather than in another.

The third part of the work deals with the measures for remedying so unscientific a system of sale and it is principally in a general radical reorganization of the systems of transport that M. Wohlin finds the remedy he seeks. His proposals for reform, for all of which he gives ample authorities and adduces abundant reasons, are as numerous as interesting and are concerned with railway and shipping lines, roads and postal communication. The object of all these reforms is the adaptation within possible limits of the whole future development of the system of communications of the country to the interests of a rapid and reasonable exchange of agricultural produce between the different provinces.

In the fourth and concluding portion of his remarkable work, the author, starting from the reforms proposed, resumes, in the case of each article, the conditions of agricultural exchange, bringing into relief the defects and disadvantages of the existing system not depending directly on the means of communication and suggesting in each case the remedy best suited.

The importance of a study of the kind M. Wohlin has just published does not need to be pointed out. It is the first time a general attempt has been made to consider the future development of the entire system of the means of communication of a whole country with special regard to the exchange of agricultural produce within it and there is no doubt that the conclusions of the author will give occasion to a whole series of reforms and innovations of the greatest benefit for Swedish agricultural economy.

RUGGERI ALFREDO, gerente responsabile.